No.

In the Supreme Court of the United States

LANARD TOYS, INC., and LANARD TOYS, LTD.,

Petitioners,

v.

GENERAL MOTORS CORP. and AM GENERAL, LLC,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

PETITION FOR A WRIT OF CERTIORARI [1]

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QUESTION PRESENTED

In *TrafFix Devices, Inc.* v. *Marketing Displays, Inc.*, 532 U.S. 23 (2001), this Court ruled (i) that a product design feature is functional, and cannot be protected under trade dress law, if it is "essential to the use or purpose of the article or if it affects the cost or quality of the article," and (ii) that, in making the functionality determination, "there is no need * * * to engage * * * in speculation about other design possibilities." *Id.* at 32. The United States Court of Appeals for the Fifth Circuit has since held that the "availability of alternative designs is irrelevant" to whether a design feature is functional, whereas the United States Court of Appeals for the Federal Circuit has since held that the availability of alternative designs is a "legitimate source of evidence to determine whether a feature is functional."

The question presented is whether the Sixth Circuit panel, in holding that there is no genuine dispute of material fact that certain design elements of respondents' military vehicle are nonfunctional, erred in considering the availability of alternative product designs.

PARTIES TO THE PROCEEDING

Petitioners are Lanard Toys, Inc., and Lanard Toys Limited, defendants-appellants in the courts below. Respondents are General Motors Corporation and AM General, LLC, plaintiffs-appellees in the courts below.

RULE 29.6 STATEMENT

Neither Lanard Toys, Inc., nor Lanard Toys Limited is a subsidiary or affiliate of a publicly owned corporation.

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OPINIONS BELOW

The majority and concurring opinions of the Sixth Circuit (App., *infra*, 1a-22a) are reported at 468 F.3d 405. The district court's order granting summary judgment for General Motors and AM General on trademark and trade dress infringement (App., *infra*, 23a-44a) is unreported.

JURISDICTION

The judgment of the court of appeals was entered October 25, 2006. The order of the court of appeals denying rehearing was entered January 31, 2007. App., *infra*, 45a-46a. On March 29, 2007, Justice Stevens extended the time within which to petition for a writ of certiorari to and including May 31, 2007. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

Relevant statutory provisions are set forth at App., *infra*, 58a-76a.

STATEMENT

This case highlights the stark division among the courts of appeals as to whether the existence of alternative product designs is relevant to determining whether a product design feature is "functional," and therefore ineligible for trade dress protection. By holding there is no genuine dispute of material fact that a set of design features was nonfunctional – based solely on evidence that different, similarly functional design options were available – the Sixth Circuit joined the Federal Circuit in misconstruing this Court's ruling that "speculation about other design possibilities" has no bearing on the functionality question. *TrafFix Devices, Inc.* v. *Marketing Displays, Inc.*, 532 U.S. 23, 33-34 (2001). In so doing, it deepened the split among the courts of appeals, with the Fifth Circuit reaching the opposite conclusion that, under *TrafFix*, "[t]he availability of alternative designs is irrelevant." *Eppendorf-Netheler-Hinz GmBH* v. *Ritter GmBH*, 289 F.3d 351, 357 (5th Cir. 2002).

District courts and commentators have lamented the increasingly unsettled state of the law governing functionality. See, *e.g.*, *Maharishi Hardy Blechman Ltd.* v. *Abercrombie & Fitch Co.*, 292 F. Supp. 2d 535, 546 (S.D.N.Y. 2003) ("*TrafFix* bears strongly on the import of alternative designs to the question of functionality, but the exact holding of *TrafFix* on this point is highly elusive."); Mark Alan Thurmon, *The Rise and Fall of Trademark Law's Functionality Doctrine*, 56 FLA. L. REV. 243, 244, 326 (2004) ("Trademark law's functionality doctrine is a mess, and the responsibility for this mess rests squarely with the United States Supreme Court.").

The confusion surrounding this critically important issue led the Sixth Circuit panel to conclude that the structural design elements of respondents' "Humvee" military vehicle were nonfunctional, simply because other manufacturers had succeeded in building similar military vehicles with somewhat different designs. In addition to placing the Sixth Circuit in direct conflict with the Fifth, that holding runs counter to this Court's trade dress jurisprudence. This case provides an excellent opportunity for the Court to resolve the disagreement among the circuits and to clarify the extent to which product designs can be protected under trade dress law.

A. Trade Dress and the Functionality Doctrine

1. Though monopolies are disfavored under the law, trademark rights are exceptions. See 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 1:32 (4th ed. 2007). Granting monopoly rights in a trademark is not anticompetitive because only the brand is protected, while the right to copy the underlying product is unaffected. Thus, consumers benefit in two ways: they can identify the products made by the sellers they prefer (because the brand cannot be copied), and they have access to competitively priced alternatives (because the trademark does not grant monopoly rights in the goods themselves).

"Trade dress" traditionally referred to the overall appearance of a product's packaging. See 1 J. THOMAS

MCCARTHY, *supra*, § 7:75. It is protectible under trademark law for the same reason word marks and logos are protectible: to "prevent consumer confusion and protect the value of identifying symbols." *Id.* § 6:3. Over the years, the definition of trade dress has expanded to include the shape and design of the product itself. *Id.* § 8:5. Extending the trademark monopoly to product design, however, creates a significant risk of inhibiting competition by granting monopoly rights in the underlying goods themselves. For this reason, although the law does recognize the ability of product design to function as a source indicator, it also takes pains to guard against improper protection of product design that would confer patent-like rights without the limited term and rigorous review such rights require. It does this through the functionality doctrine, which permits the copying of functional features regardless of secondary meaning or likelihood of confusion. See *Qualitex Co.* v. *Jacobson Products Co., Inc.*, 514 U.S. 159, 164-165 (1995). Because a functional design element is not protectible under the Lanham Act, it may be copied by anyone – not just direct competitors. See 15 U.S.C. § 1052(e)(5). This means that, if the design elements of the military Humvee are functional, they could be copied not only by the manufacturer's direct competitors, but also by Lanard and other toy and hobby manufacturers.

This Court has cautioned against "misuse or overextension of trade dress [protection]." *TrafFix*, 532 U.S. at 29 (citing *Wal-Mart Stores, Inc.* v. *Samara Brothers, Inc.*, 529 U.S. 205, 213 (2000)). First, the Court has noted that "[t]rade dress protection must subsist with the recognition that in many instances there is no prohibition against copying goods and products," because "[a]llowing competitors to copy will have salutary effects in many instances." *TrafFix*, 532 U.S. at 29. When multiple competitors are able to offer products that feature the same functional design elements, the resulting price competition inures to consumers' benefit.

Second, "[i]t is the province of patent law, not trademark law, to encourage innovation by granting inventors a monopoly

over new product designs or functions for a limited time * * *, after which competitors are free to use the innovation." *Qualitex*, 514 U.S. at 164 (1995). Because the law generally disfavors monopolies, patent applications are subject to rigorous scrutiny, and the period of exclusive rights is limited. After that period, competitors are free to appropriate the innovation however they wish.

The functionality doctrine polices the boundary between the domains of trade dress and patent law. "If a product's functional features could be used as trademarks * * * a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever." *Qualitex*, 514 U.S. at 164-165. And, because producers have every incentive to characterize their designs as nonfunctional (and thereby obtain exclusive rights in perpetuity), the party seeking trade dress protection bears the burden of proving that the matter sought to be protected is not functional. 15 U.S.C. § 1125(a)(3). The functionality doctrine thus prevents manufacturers from using trade dress law to circumvent the strictures of the patent process.

The doctrinal division of labor therefore may be stated as follows: If a product feature is functional, a producer seeking exclusive use of it must obtain a patent, which will eventually expire. In contrast, trade dress protection extends indefinitely, but cannot cover a functional product attribute.

2. The *TrafFix* opinion, issued in 2001, provides the Court's most recent analysis of the functionality doctrine. In that case, plaintiff Marketing Displays, Inc. ("MDI") had obtained a patent for a type of wind-resistant roadside sign that used a dual-spring design. After the patent expired, defendant TrafFix Devices began manufacturing dual-spring signs that looked like MDI's, and MDI sued for trade dress infringement.

The district court granted summary judgment for defendant TrafFix, holding that the dual-spring design was functional and thus ineligible for trade dress protection. *TrafFix*, 532 U.S. at 26. The Sixth Circuit reversed, citing the "competitive need"

test, under which a feature was deemed functional only if its exclusive use would "put competitors at a significant non-reputation-related disadvantage." *Qualitex*, 514 U.S. at 165. The court of appeals reasoned that it took "little imagination to conceive of a hidden dual-spring mechanism or a tri or quad-spring mechanism that might avoid infringing [MDI's] trade dress." *TrafFix*, 532 U.S. at 27 (internal quotation marks omitted). Because there were possible configurations other than MDI's dual-spring design, the court of appeals concluded that the dual spring was not competitively necessary, so it was nonfunctional in the relevant sense.

This Court reversed, holding that MDI's dual-spring design was functional despite the availability of alternatives. It explained that although the "competitive need" test is proper in cases of "aesthetic functionality" – in which mere appearance actually serves a function – competitive need is "incorrect as a comprehensive definition." *TrafFix*, 532 U.S. at 32-33. The Court did not intend for that test to displace the so-called traditional test, in which a design feature is considered functional "if it is essential to the use or purpose of the article or if it affects the cost or quality of the article." *Id.* at 32 (quoting *Inwood Laboratories, Inc.* v. *Ives Laboratories, Inc.*, 456 U.S. 844, 850 n.10 (1982)).

In reaffirming the *Inwood* test as the definitive standard for determining whether a product design feature may be protected as trade dress, the Court underlined its longstanding commitment to the principles that trademark protection cannot be granted in derogation of the constitutional scheme, and that the purpose of trade dress protection is to promote – not stifle – competition. See *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111 (1938) (plaintiff's patent in the pillow-shaped form of shredded wheat having expired, competitors were not prevented from selling the cereal in the same functional shape). See also *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225 (1964); *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964); *Inwood*, 456 U.S. at 857; and *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U.S. 141, 160 (1989).

Importantly, the Court in *TrafFix* made a special point of clarifying that, under the traditional test, "[t]here is no need * * * to engage, as did the Court of Appeals, in speculation about other design possibilities, such as using three or four springs which might serve the same purpose." *TrafFix*, 532 U.S. at 33. MDI's dual-spring design was functional, because it "is not an arbitrary flourish in the configuration of MDI's product; it is the reason the device works. Other designs need not be attempted." *Id.* at 34.

3. Unfortunately, the Court's instruction in *TrafFix* that "[t]here is no need * * * to engage * * * in speculation about other design possibilities" has spawned more confusion among the lower courts than it dispelled. The Fifth Circuit understands the statement to mean that, under the traditional test, "[t]he availability of alternative designs is irrelevant." *Eppendorf*, 289 F.3d at 355. In contrast, the Federal Circuit "do[es] not read the Court's observations in *TrafFix* as rendering the availability of alternative designs irrelevant"; rather, the availability of alternative designs is "a legitimate source of evidence to determine whether a feature is functional." *Valu Engineering, Inc.* v. *Rexnord Corp.*, 278 F.3d 1268, 1276 (Fed. Cir. 2002); accord 1 J. THOMAS MCCARTHY, *supra*, § 7:75 ("In the author's view, the observations by the Supreme Court in *TrafFix* do not mean that the availability of alternative designs cannot be a legitimate source of evidence to determine in the first instance if a particular feature is in fact 'functional.'").

In the words of one commentator, "[t]he current division and confusion in the lower federal courts is much more significant than the minor split * * * that led the Supreme Court to intervene in *TrafFix*." Mark Alan Thurmon, *The Rise and Fall of Trademark Law's Functionality Doctrine*, 56 FLA. L. REV. 243, 334 (2004).

B. Factual Background of the Present Case

1. In the early 1980s, the United States government solicited proposals for a new High Mobility Multipurpose Wheeled Vehicle, which the government called an "HMMWV"

(or a "Humvee," in military slang) to be used by the Armed Forces. AM General was one of three companies awarded "Phase I" contracts, under which the government paid them to develop Humvee prototypes to be tested by the military. *AM General Corp.* v. *DaimlerChrysler Corp.*, 311 F.3d 796, 808 (7th Cir. 2002).

Pursuant to the contract, AM General designed its prototype to detailed and precise military performance specifications supplied by the government. During the testing phase, the military raised various performance issues with respect to AM General's prototype. In response, AM General's engineers made numerous design modifications, including significant changes to the design of the vehicle's nose grille. *Ibid.* The government awarded the Humvee contract to AM General in 1983. *Ibid.*

Although AM General did not initially identify the design elements in which it claims exclusive rights, AM General's prototype embodied each of the five design elements that the Sixth Circuit would eventually decide constituted respondents' protectible trade dress: the grille, the slanted and raised hood, the split windshield, the rectangular doors, and the squared edges. MICHAEL GREEN & GREG STEWART, HUMVEE AT WAR 28 (2005). It is unlikely that a contractor bidding on a military project would spend money to add mere ornamental flourishes to its design, but in any event it is clear that these five design elements were critically functional to an effective military combat vehicle:

- *Grille.* A vehicle's grille must protect the radiator behind it while simultaneously allowing air to pass freely through it. The grille at issue here consists of a series of vertical openings sized to allow maximum airflow while protecting the radiator from damage. The grille's initial appearance was quite different from the one ultimately put into production. The early prototype had narrow, horizontal openings; the

vertical opening design came later. *Id.* at 26, 28.[1] Shorter vertical slats are stronger than longer horizontal ones, which is important for a combat vehicle that might be overturned or have debris land on it. The grille is set high on the Humvee, allowing for maximum ground clearance and superior mobility. The lights are set wide for broader illumination than the Humvee's predecessors, and high so as not to be obstructed by brush or high water.

- *Slanted and raised hood.* The Humvee's hood is sloped to enhance visibility. The opening on the front part of its hood is a continuation of the grille, allowing air to circulate even when the nose is against a solid object (such as a wall) or under water. As with the grille, the hood is raised to maximize underbody clearance. See http://www.amgeneral.com/vehicles_hmmwv_features.php.

- *Split windshield.* The split windshield design incorporates two separate panels of glass. If one panel is shattered, visibility remains through the other panel. The supporting divider may strengthen the windshield frame, including enhancing its ability to support the weight of the Humvee if it flips over in combat. Weapons, cameras, sensors, and other equipment can be attached to the divider. See http://www.emx-inc.com/EMX_Accessories.html.

- *Rectangular doors.* The rectangular shape of the Humvee doors maximizes the opening area for rapid ingress and egress of soldiers wearing body armor, helmets, and packs, and carrying rifles. The shape also allows the military's armored version of the

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[1] It is unlikely that this change was made for ornamental rather than functional reasons, because the accelerated time frame for testing the prototype left barely enough time to test for reliability and durability. *Id.* at 23-26.

doors to be interchangeable (left to right side of vehicle and vice versa) and adds strength to the Humvee. Http://www.amc.army.mil/amc/pa/releases04/tardec.html. Adding armor panels to rectangular doors is also easier and cheaper than adding them to irregularly shaped ones.

- *Squared edges.* The squared edges obviously maximize the interior space within the overall size parameters of the Humvee. As with the rectangular doors, the squared edges facilitate the addition of armor plates or panels.

2. In 1993, AM General applied for a federal trademark registration for the grille design. Registration was twice refused on the ground that the grille did not serve as a source identifier and was likely to be confused with existing registrations for the grille configuration for the JEEP Wrangler. *AM General*, 311 F.3d at 809. AM General was finally granted a trademark registration for the grille design in 1996. *Ibid.*

Shortly after the first Gulf War, in an effort to capitalize on the popularity of the Humvee, AM General introduced a commercial vehicle, which it called the Hummer. *Id.* at 808. The Hummer is a modified version of the military vehicle. In 1999, AM General transferred to GM all rights in the civilian Hummer vehicle, and licensed back from GM the right to continue using the grille on the military Humvee, as required by the military specifications. *Id.* at 810. Soon after acquiring rights to the civilian Hummer vehicle (now known as the "H1"), GM unveiled the new H2, a less expensive and smaller vehicle. The H2 differed in many respects from its predecessor, incorporating luxury features not available on the H1 or, of course, on its military counterpart. *Ibid.* The H2 – and, later, the H3 – did not, for example, incorporate the split windshield designed for the military vehicle. At the time this action commenced, AM General claimed ownership of the military vehicle trade dress by virtue of a "Confirmatory Trademark Agreement" executed after this litigation began. GM claimed ownership of the civilian

vehicle trade dress, and both parties asserted rights in an unspecified, shared trade dress common to both.

3. In 1992, petitioner Lanard, a company that manufactures and sells an assortment of military-themed toys, began selling a toy vehicle called the Mudslinger, modeled after the military Humvee. App., *infra*, 2a-3a. The toy's packaging included the phrase "Hyper Humvee." *Ibid.* AM General's licensing agent protested Lanard's use of the word "Humvee" and also suggested that replicas might infringe its trade dress. Though Lanard believed "Humvee" was a generic military designation, it agreed to remove the term from packaging for the toy modeled after that military vehicle and to refrain from challenging AM General's ownership of the mark HUMVEE. Lanard has never produced or sold replicas of the civilian Hummer.

In 1997, Lanard sought a license to use the Humvee and Hummer names on its toy vehicles, but AM General refused. *Ibid.* Lanard then contacted AM General's new licensing agent, enclosing photos of the toy vehicles and again seeking a license to use the names. AM General responded a year and a half later, demanding that Lanard stop selling certain of its military vehicles because of an infringing "nose design." *Ibid.* Subsequent efforts to resolve the matter through negotiation were unsuccessful.

C. Procedural History

1. In March 2001, nine years after Lanard began selling toy military vehicles modeled after the Humvee and at least eight years after AM General first had notice of such sales, GM filed suit against Lanard in the United States District Court for the Eastern District of Michigan, claiming infringement of the Hummer's trade dress. In June 2003, Lanard filed a complaint against AM General in the same court, seeking a declaratory judgment as to AM General's rights in the Humvee vehicle and grille design. App., *infra*, 3a. After AM General asserted counterclaims for infringement, the cases were treated as consolidated for purposes of discovery, summary judgment, and trial.

During discovery, Lanard deposed Robert J. Gula, then-Senior Vice President of Engineering and Product Development for AM General, and formerly the Deputy Project Manager for the Humvee operation. Gula testified that the shape of the Humvee "was basically a byproduct of a vehicle that was designed to meet a performance specification," and that "the shape of the vehicle was a result of what it took to meet those requirements." App., *infra*, 52a, 54a.

Apparently recognizing that Gula's testimony amounted to a concession that the claimed trade dress elements of the Humvee were functional, GM and AM General prepared a declaration for Gula's signature (App., *infra*, 55a-57a) later that same day, asserting that the same performance standards could be achieved (and had been achieved by other manufacturers) through one or more alternative design options:

> The Government's requirements could have been met with any number of different vehicle appearances. * * * AM General's prototype could have had a different appearance and still functioned in the same way. That is because the exterior appearance and styling of the vehicle is not essential to the use or purpose of the vehicle. Indeed, not using the same appearance and styling as AM General's prototype did not impede Chrysler or Teledyne from meeting the Government's technical specification or from competing for the Government contract.

App., *infra*, 57a.

In April 2004, GM and AM General (jointly) and Lanard each moved for summary judgment. To carry their statutory burden of proving the nonfunctionality of their unregistered product design,[2] GM and AM General relied exclusively on Gula's rehabilitative declaration emphasizing the availability of alternative designs. Respondents submitted no additional evi-

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[2] Respondent GM owns a federal registration for the grille design only. When a design is registered, the burden of proof regarding functionality shifts to the party challenging the validity of the trade dress rights.

dence of any kind, and the record therefore contains no evidence whatever that the claimed features are incidental, arbitrary, or ornamental, or that they are not "the reason the device works." *TrafFix*, 532 U.S. at 33.

The district court mistakenly believed that functionality is a defense to infringement of an unregistered trade dress and that Lanard had the burden of proof on that issue. See 15 U.S.C. § 1125(a)(3) ("the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional"). App., *infra*, 28a. The court granted GM's and AM General's motion with respect to the Mudslinger vehicle. *Ibid.* After a jury trial on Lanard's laches defense and on damages, the jury awarded GM an 8% royalty on sales of the toy vehicle, as well as Lanard's profits.

2. On appeal, although acknowledging that the district court had erred in treating functionality as a defense rather than requiring plaintiffs to prove nonfunctionality as an element of the infringement claim, the Sixth Circuit affirmed the summary judgment ruling. With respect to the validity of the asserted trade dress elements, the only question at issue here, the panel first determined that the trade dress consisted of the vehicle's grille, slanted and raised hood, split windshield, rectangular doors, and squared edges. Then, after stating that the availability of other potential designs was "insufficient evidence" of nonfunctionality, the panel nonetheless concluded that respondents' design is nonfunctional, basing its decision on Gula's declaration as to the availability of alternatives, which was the *only* evidence in the record on that point. App., *infra*, 13a-14a.

Further underscoring the absence of any evidence of nonfunctionality in the record, and its confusion regarding the functionality doctrine, the panel went on to say that GM and AM General had met their burden of proving the nonfunctionality of the unregistered product design because "the plain appearance of the vehicle shows that the elements which comprise its trade dress are *inherently non-functional*." App., *infra*, 14a (emphasis added). For, although "[t]he military un-

doubtedly had function in mind while designing the Humvee," the exterior appearance and styling of the vehicle were "more likely an unrelated afterthought." App., *infra*, 14a.

REASONS FOR GRANTING THE WRIT

The Court should grant review of the Sixth Circuit's decision for at least three reasons. *First*, the lower courts are sharply divided over the question whether the availability of design alternatives is relevant to assessing a design feature's functionality. Commentators agree that this Court's pronouncement in *TrafFix* is the source of that confusion. *Second*, the Sixth Circuit's opinion conflicts with this Court's precedents. In relying on the availability of alternative design choices as the basis for its determination of nonfunctionality, the Sixth Circuit departed from the principle that, if a design feature is "the reason the device works," then "other designs need not be attempted." *TrafFix*, 532 U.S. at 34. The panel also invoked as a basis for its holding the novel concept of "inherent[] nonfunctional[ity]," which, if not set straight, could drastically erode the functionality limitation on trade dress protection. *Third*, a clear and uniform test for functionality is critically important; not only does it demarcate the bounds of trademark law, but a split involving the Federal Circuit (which controls the Patent and Trademark Office's standards for registering a mark) has particularly troubling consequences for the consistent application of trade dress doctrine across the country.

I. THE CIRCUITS ARE DEEPLY SPLIT ON THE APPLICATION OF THE FUNCTIONALITY TEST AS SET FORTH IN *TRAFFIX*

The basic reason why lower courts are at odds in their understanding of the *TrafFix* standard for functionality is that they disagree over the extent to which that decision effected a change in the law. To understand their confusion, one must first appreciate the legal landscape before *TrafFix* was decided.

A. Before *TrafFix*, Lower Courts Were Confused About Whether A Competitive-Need Analysis Was Appropriate For Traditional Design Features

The evolution of the functionality doctrine over the last several decades reflects a pattern of lower courts moving toward a functionality test based on "competitive need" – a standard that considers the availability of alternative designs – and straining to fit this Court's guidance into that model. The Court, however, has never embraced a competitive-need test for functionality with respect to traditional products, although it has applied it in cases of aesthetic functionality. As the brief history recounted below makes clear, *TrafFix* corrected the Sixth Circuit and other lower courts that had mistakenly applied the aesthetic functionality test in cases of traditional functionality, where analysis of competitive need has no place – and where the availability of alternative designs is therefore irrelevant.

1. In 1938, the Restatement of Torts outlined a claim for "Imitation of Appearance." To prove that a defendant's imitation was unprivileged, the plaintiff was required to show that a product's features were nonfunctional, and a "functional feature" was defined to be one that "affects [the product's] purpose, action or performance, or the facility or economy of processing, handling or using [it]." RESTATEMENT (FIRST) OF TORTS § 742 (1938). That definition of functionality was very broad, essentially equating to usefulness, and many lower courts – most notably the Court of Customs and Patent Appeals ("CCPA") – added glosses to the formulation, eventually reducing it to the question "whether the law permits * * * a monopoly" like the one a plaintiff seeks to gain through its infringement claim. *Application of Deister Concentrator Co.*, 289 F.2d 496, 499 (CCPA 1961).

In 1982, the CCPA pushed its functionality reasoning to its natural conclusion: if "the effect upon competition is really the crux of the matter," then the test for functionality is whether other producers have a competitive need for the design feature in question. *In re Morton-Norwich Products, Inc.*, 671 F.2d

1332, 1341 (CCPA 1982). In *Morton-Norwich*, the court held that a spray bottle design was not legally functional, reasoning that the basis of the functionality doctrine is "not the right to slavishly copy articles which are not protected by patent or copyright, but the need to copy those articles, which is more properly termed the right to compete effectively." *Id.* at 1339. It noted that "[t]he evidence, consisting of competitor's molded plastic bottles for similar products, demonstrates that the same functions can be performed by a variety of other shapes with no sacrifice of any functional advantage. There is no necessity to copy appellant's trade dress to enjoy any of the functions of a spray-top container." *Id.* at 1342. Thus, the *Morton-Norwich* "competitive need" test for functionality explicitly examined the availability to competitors of functionally equivalent designs. *Id.* at 1341-1342.

2. Later that year, this Court decided *Inwood Laboratories, Inc.* v. *Ives Laboratories, Inc.*, 456 U.S. 844 (1982). Although *Inwood* was not a case about functionality, the Court observed in a footnote that, "[i]n general terms, a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article." *Id.* at 850 n.10. In the years following *Inwood*, many courts of appeals read *Inwood* not to preclude a competitive-need analysis. The Second Circuit took the lead, characterizing the *Inwood* "cost or quality" language as dictum, and applying *Morton-Norwich*. See *LeSportsac, Inc.* v. *K Mart Corp.*, 754 F.2d 71, 76-77 (2d Cir. 1985); see also *Sicilia Di R. Biebow & Co.* v. *Cox*, 732 F.2d 417, 429 (5th Cir. 1984) ("The ultimate inquiry concerning functionality * * * is whether characterizing a feature or configuration as protected 'will hinder competition or impinge upon the rights of others to compete effectively in the sale of goods.'" (quoting *Morton-Norwich*, 671 F.2d at 1342)).

3. In 1995, this Court's *Qualitex* decision lent some support to the lower courts' belief that *Inwood* did not foreclose the competitive-need analysis set forth in *Morton-Norwich*. In *Qualitex*, the issue was whether plaintiff could enjoy trade dress

protection of the particular green-gold color it used on its dry cleaning press pads. The Court held that a mere color can, if it has taken on secondary meaning, meet the basic legal requirements for a trademark. *514 U.S.* at 166. In so doing, it used language that could be interpreted to equate the *Inwood* "essential to the use or purpose" or "affect[ing] the cost or quality of the article" standard with competitive need:

> This Court * * * has explained that, "in general terms, a product feature is functional," and cannot serve as a trademark, "if it is essential to the use or purpose of the article or if it affects the cost or quality of the article," that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.

Id. at 165 (quoting *Inwood*, 456 U.S. at 850 n.10). The "significant non-reputation-related disadvantage" test of competitive need was one that had long been used in cases of aesthetic functionality, because the traditional "essential to the use or purpose * * * or * * * affect[ing] the cost or quality" test does not work well in that setting. For example, if farmers prefer to match the color of their loaders to the color of their tractors, a competitor entering the market might have a competitive need to copy "John Deere green" even though that color would not render the equipment more useful. See *Deere & Co.* v. *Farmhand, Inc.*, 560 F. Supp. 85, 97-98 (S.D. Iowa 1982). For that reason, aesthetic functionality has always been evaluated in terms of competitive need. See RESTATEMENT (FIRST) OF TORTS § 742 cmt. a (1938) ("The determination of whether or not [aesthetic] features are functional depends upon * * * whether prohibition of imitation by others will deprive the others of something which will substantially hinder them in competition."). The language in *Qualitex*, however, could be read as the Court's endorsement of the competitive-need standard in cases of *both* aesthetic and traditional functionality.

B. The *TrafFix* Decision Makes Clear That Different Tests Apply In Cases Of Traditional And Aesthetic Functionality

As explained above, the question in *TrafFix* was whether plaintiff, a manufacturer of temporary roadside signs capable of withstanding gusts of wind, could invoke trade dress rights to prevent a competitor from imitating its dual-spring design. The Sixth Circuit held that the dual-spring design was not functional, reasoning that, because various other spring configurations might accomplish the same end as plaintiff's design, the dual-spring design was not one whose exclusive use would "put competitors at a *significant* non-reputation-related disadvantage." *Marketing Displays, Inc.* v. *TrafFix Devices, Inc.*, 200 F.3d 929, 940 (6th Cir. 1999) (quoting *Qualitex*, 514 U.S. at 165). In other words, the Sixth Circuit read *Qualitex* to endorse a competitive-need analysis in cases of traditional functionality.

This Court reversed, holding that the competitive-need standard is "incorrect as a comprehensive definition" of functionality. *TrafFix*, 532 U.S. at 33. It explained that, although "[i]t is proper to inquire into a 'significant non-reputation-related disadvantage' in cases of esthetic functionality, the question involved in *Qualitex*," that test "did not purport to displace the th[e] traditional rule" set forth in *Inwood*. *Ibid.* Instead, "[w]here the design is functional under the *Inwood* formulation there is no need to proceed further to consider if there is a competitive necessity for the feature." *Ibid.*

The Court had little trouble concluding that MDI's dual-spring design was functional, because it "provides a unique and useful mechanism to resist the force of the wind." *Ibid.* The Court made clear that "[t]here is no need * * * to engage, as did the Court of Appeals, in speculation about other design possibilities, such as using three or four springs which might serve the same purpose. * * * The dual-spring design is not an arbitrary flourish in the configuration of MDI's product; it is the reason the device works. Other designs need not be attempted." *Ibid.*

C. The Ensuing Chaos

Unfortunately, the explanation of functionality in *TrafFix* has, if anything, spawned more confusion than it dispelled. Within a year after that decision, the courts of appeals had once again split on one of the questions *TrafFix* sought to answer: what evidentiary role, if any, the availability of alternative product designs should play in assessing functionality.

1. In *Eppendorf-Netheler-Hinz GmBH* v. *Ritter GmBH*, 289 F.3d 351 (5th Cir. 2002), plaintiff Eppendorf was a manufacturer of pipette tips that accurately dispensed small volumes of liquid for medical purposes. Eppendorf sued Ritter for infringement of certain asserted trade dress elements, such as the plastic fins on the pipette tips. *Id.* at 354. At trial, which took place before this Court decided *TrafFix*, Eppendorf's expert argued that the design features were nonfunctional because "the appearance and number of fins could be changed without affecting the function of the fins." *Id.* at 357. The jury found the features to be nonfunctional, and on appeal Eppendorf defended the verdict on the ground that "the evidence clearly established that there were alternative designs to each of the eight non-functional features." *Ibid.*

The Fifth Circuit reversed the finding of nonfunctionality. It explained that, although Eppendorf's argument involving alternative designs was "consistent with this court's [previous] utilitarian definition of functionality," it is "unpersuasive in light of the Court's discussion of functionality in *TrafFix*." *Ibid.*[3] It read *TrafFix* as establishing two tests for functionality: one for traditional products, and one for aesthetically functional products. Under the traditional test for functionality, "a product feature is functional, and cannot serve as a trademark, if it is

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[3] In this context, a "utilitarian" feature is one for which copying is a competitive necessity. See *Morton-Norwich*, 671 F.2d at 1339 ("'Utilitarian' means 'superior in function (de facto) or economy of manufacture,' which 'superiority' is determined in light of competitive necessity to copy.").

essential to the use or purpose of the article or if it affects the cost or quality of an article." *Id.* at 355 (quoting *TrafFix*, 532 U.S. at 32). "Under this traditional definition," it reasoned, "if a product feature is 'the reason the device works,' then the feature is functional. *The availability of alternative designs is irrelevant.*" *Ibid.* (emphasis added). Because Eppendorf's expert conceded that "fins of some shape, size, or number are necessary to provide support for the flange and to prevent deformation of the product," the Fifth Circuit held that they are "essential to the operation of the Combitips," and therefore "functional as a matter of law." *Id.* at 358. Thus, in its view of the law, "[a]lthough alternative designs are relevant to the utilitarian [*i.e.*, competitive-need] test of functionality, alternative designs are not germane to the traditional test for functionality." *Id.* at 358.

2. The Federal Circuit sees things quite differently. In *Valu Engineering, Inc.* v. *Rexnord Corp.*, 278 F.3d 1268 (Fed. Cir. 2002), the Trademark Trial and Appeal Board had sustained Rexnord's challenge to Valu's registration of trade dress relating to its designs of conveyor guide rails, holding that the shapes were functional under the four *Morton-Norwich* "competitive need" factors, one of which explores the availability of alternative designs. *Id.* at 1272. The Federal Circuit affirmed the Board's finding of functionality and, in particular, its examination of alternative design possibilities under the *Morton-Norwich* analysis.

Unlike the Fifth Circuit, which read *TrafFix* as foreclosing the competitive-need approach to functionality that considered alternative design possibilities, the Federal Circuit "d[id] not understand the Supreme Court's decision in *TrafFix* to have altered the *Morton-Norwich* analysis." *Id.* at 1276. The Federal Circuit opined that

> the *Morton-Norwich* factors aid in the determination of whether a particular feature is functional, and the third factor focuses on the availability of "other alternatives." * * * Nothing in *TrafFix* suggests that consideration of alternative designs is not properly part of the overall mix,

> and we do not read the Court's observations in *TrafFix* as rendering the availability of alternative designs irrelevant. Rather, we conclude that the Court merely noted that once a product feature is found functional based on other considerations there is no need to consider the availability of alternative designs, because the feature cannot be given trade dress protection merely because there are alternative designs available. But that does not mean that the availability of alternative designs cannot be a legitimate source of evidence to determine whether a feature is functional in the first place.

Ibid. The Federal Circuit noted that its view was in accord with that of a leading treatise. See 1 J. THOMAS MCCARTHY, *supra*, § 7:75 ("In the author's view, the observations of the Supreme Court in *TrafFix* do not mean that the availability of alternative designs cannot be a legitimate source of evidence to determine in the first instance if a particular feature is in fact 'functional.'").

3. In the years since the Federal Circuit decided *Valu Engineering*, numerous courts have noted the division of authority on the evidentiary role, if any, that alternative designs play in assessing functionality. See *Antioch Co.* v. *Western Trimming Corp.*, 347 F.3d 150, 156 (6th Cir. 2003) (noting the split among the Fifth and Federal Circuits and holding that, "at the very least, a court is not *required* to examine alternative designs when applying the traditional test for functionality"); *Straumann Co.* v. *Lifecore Biomedical Inc.*, 278 F. Supp. 2d 130, 135 n.4 (D. Mass. 2003) (characterizing the relevance of the availability of design alternatives as a "hotly contested question" in the Fifth, Sixth, and Federal Circuits); *Invisible Fence, Inc.* v. *Technologies, Inc.*, 2007 WL 273129, *4-5 (N.D. Ind. Jan. 26, 2007) (noting the split among the Fifth, Sixth, and Federal Circuits); *New Colt Holding Corp.* v. *RJG Holdings of Florida, Inc.*, 312 F. Supp. 2d 195, 213-214 (D. Conn. 2004) (same).

The secondary literature likewise has chronicled the increasingly diverse functionality landscape, and called for this

Court to issue further guidance. See Vincent N. Palladino, *Trade Dress Functionality after* TrafFix: *the Lower Courts Divide Again*, 93 TRADEMARK REP. 1219, 1219-1220 (2003) (there is a "new split of authority" over whether "evidence concerning the availability of alternative designs [is] relevant"); Justin Pats, *Conditioning Functionality: Untangling the Divergent Strands of Argument Evidenced by Recent Case Law and Commentary*, 10 MARQ. INTELL. PROP. L. REV. 515, 520 (2006) (a "great deal of variance has surfaced" in the courts of appeals since *TrafFix*, with some courts considering alternative designs as part of a competitive-need analysis, and others eschewing them under the *Inwood* test); Margreth Barrett, *Consolidating the Diffuse Paths to Trade Dress Functionality: Encountering* TrafFix *on the Way to* Sears, 61 WASH. & LEE L. REV. 79, 83, 129-135 (2004) (noting the "considerable disagreement * * * among * * * scholars and the courts of appeals over precisely how the Supreme Court intended its functionality standard to be interpreted and applied," including whether "to exclude evidence of alternatives from the initial functionality determination"); Siegrun D. Kane, *Trademarks Just Ain't What They Used to Be*, 842 PLI/PAT 261, 272 (2005) ("There is an ongoing debate about whether *TrafFix* changed the longstanding principle that the availability of alternative designs constitutes evidence of nonfunctionality.").

4. In the present case, the Sixth Circuit adopted reasoning indistinguishable from the Federal Circuit's. The court purported to adopt a position between the Fifth Circuit's position and the Federal Circuit's – it took note of the existence of alternative designs, but called them "*insufficient* evidence for nonfunctionality" because the "mere existence of other potential designs is no defense to a design's functionality." App., *infra*, 13a (emphasis added). Having said that, however, the panel went on to assign the presence of alternatives precisely the dispositive role it professed to disclaim. The *only* evidence of nonfunctionality in the record was the Gula declaration, which asserted that the Humvee's grille, slanted and raised hood, split windshield, rectangular doors, and squared edges were "not

essential to the use or purpose of the vehicle," insofar as the government's performance requirements "could have been met with any number of different vehicle appearances." App., *infra*, 57a.[4] If this case had been heard in the Fifth Circuit, it would have come out the other way. Because the Fifth Circuit would have found no evidence of nonfunctionality whatever in the Gula declaration, it would have held that GM could not meet its burden. The Court should step in to resolve the circuit split to ensure uniform outcomes in the courts below.

It is particularly bizarre that the Sixth Circuit affirmed a grant of summary judgment to respondents based on the Gula declaration alone. That document (App., *infra*, 55a-57a) – a four-page, litigation-driven testimonial from AM General's Senior Vice President – *at most* showed the availability of alternative designs. Not a word of it remotely supported the proposition that the design features at issue are nonfunctional. Even if true that the Humvee "could have had a different appearance and still functioned in the same way" (App., *infra*, 57a), the record was utterly devoid of evidence that any of the elements identified by the court was "an arbitrary flourish in the configuration of" the Humvee. *TrafFix*, 532 U.S. at 34. To the contrary, as AM General's own website makes abundantly clear, these features are "the reason the [vehicle] works." *Ibid.* Only by adhering to the same preconceptions it followed in *TrafFix*, which led to a reversal in this Court, could the Sixth

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[4] Evidence supporting the nonfunctionality of the grille, which is the subject of a federal registration, must be analyzed differently from evidence supporting the other four elements of the product design. Because a federal registration for a design feature is presumably granted only upon a showing of nonfunctionality, the registration itself may be considered evidence. However, there are two problems with looking to the registration as evidence of nonfunctionality in this case. First, the registration was issued upon a lesser showing than the one established in *TrafFix*. See *infra* at 27-28. Second, even an incontestably registered mark remains subject to the functionality defense (see 15 U.S.C. § 1115(b)(8)), but Lanard has been deprived of its statutory right to defend itself on these grounds. See *infra* at 26.

Circuit have believed that a declaration suggesting the availability of alternative designs sufficed to meet plaintiffs' burden of establishing nonfunctionality. This Court should once again review the Sixth Circuit's excessive enthusiasm for granting trade dress protection to functional design elements.

II. THE SIXTH CIRCUIT'S OPINION MISCONSTRUES *TRAFFIX* AND DANGEROUSLY WEAKENS THE FUNCTIONALITY REQUIREMENT

In two distinct ways, the Sixth Circuit's opinion in this case threatens to erode the high evidentiary requirement this Court has imposed for parties attempting to prove that their product designs are nonfunctional. *First*, allowing plaintiffs to use evidence of alternative design possibilities in support of their nonfunctionality arguments makes it considerably easier for them to gain exclusive use of design features without resort to the rigorous patent review process. *Second*, by describing the Humvee's design elements as "*inherently* non-functional" (Pet. App., *infra*, 14a (emphasis added)) – a novel and nonsensical classification – the opinion below risks setting a precedent that relieves plaintiffs of their burden of adducing factual support for their nonfunctionality arguments.

1. A return to first principles makes clear that the Sixth and Federal Circuits broke with this Court's precedents in concluding that evidence of alternative designs is relevant to an assessment of functionality. As this Court has explained, the purpose of trade dress protection, like trademark protection, is "to 'secure to the owner of the [trade dress] the goodwill of his business and to protect the ability of consumers to distinguish among competing producers.'" *Two Pesos, Inc.* v. *Taco Cabana, Inc.*, 505 U.S. 763, 774 (1992) (citation omitted). It accomplishes this by granting producers the exclusive right to use product designs whose *only* purpose is to identify the producer of the good, *i.e.*, ones that have no function. If a design is functional, exclusive use of it must come, if at all, through the patent process. See *Qualitex*, 514 U.S. 159 at 164 ("It is the province of patent law, not trademark law, to

encourage innovation by granting investors a monopoly over new product designs or functions for a limited time * * *, after which competitors are free to use the innovation.").

"If a product's functional features could be used as trademarks, * * * a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever." *Qualitex*, 514 U.S. at 164. That is why the Court has regularly cautioned against "misuse or over-extension of trade dress [protection]." *TrafFix*, 532 U.S. at 29 (citing *Wal-Mart*, 529 U.S. at 213). Thus, if trade dress law is to serve its purpose of enabling reputation-based competition without also risking an end run around the strictures of patent law for useful features, it is critical to have a meaningfully broad, fact-based definition of functionality.

The need to limit the scope of trade dress protection explains the breadth of the traditional functionality test set forth in *Inwood* and reaffirmed in *TrafFix*: "a product feature is functional if it essential to the use or purpose of the article or if it affects the cost or quality of the article." *TrafFix*, 532 U.S. at 32. Under that formulation, if a product design is "the reason the device works" (*id.* at 34), it is not eligible for trade dress protection, which extends only to features that are "arbitrary flourish[es]." *Ibid.* It is true that the proponent of trade dress protection faces a high bar, because "product design almost invariably serves purposes other than source identification." *Id.* at 29. But that is as it should be – whether a feature's asserted usefulness qualifies it for protection is the province of patent, not trade dress law.

Because design features can be functional without being competitively necessary, the existence of alternative product designs – which gives insight only into competitive need – is irrelevant to assessing a product's functionality. Reliance on the availability of alternatives would be akin to allowing trademark protection for the word "car" as long as the alternative "auto" is available. But that deviates sharply from the longstanding imperative that trademark law does not protect what must by its nature and purpose be available to all competitors. It does not

matter how many synonyms exist for a particular generic designation; all are in the public domain. By the same token, no matter how many alternatives exist for a particular useful design, all must remain in the public domain and available to competitors.

Only evidence that a design feature is a mere arbitrary flourish is evidence of nonfunctionality. The Sixth Circuit erred in concluding otherwise, as did the Federal Circuit before it. By allowing plaintiffs to point to alternative designs as evidence of nonfunctionality, those courts impermissibly lower the bar to obtaining trade dress protection.

2. The Sixth Circuit's opinion also threatens to weaken the functionality requirement with its remarkable statement that "the plain appearance of the vehicle shows that the elements which comprise its trade dress are *inherently non-functional*." App., *infra*, 14a (emphasis added). The classification of the design features at issue here as falling within that novel doctrinal category implies that, in the panel's view, the features are by their very nature *incapable* of serving any function. See WEBSTER'S THIRD NEW INTERNATIONAL DICTIONARY (UNABRIDGED), at 1163 (1986) (defining "inherent" to mean "structural or involved in the constitution or essential character of something").

As applied to the grille, split windshield, rectangular doors, squared edges, and raised hood of a military vehicle, the "inherently non-functional" label is simply a way to substitute the court's preferred conclusion for any analysis whatever of the inconvenient facts.[5] The Sixth Circuit effectively ruled that

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[5] This is especially grievous with respect to the grille, as the Sixth Circuit's substitute for establishing nonfunctionality robs competitors of their statutory right to rebut the presumption of validity of a registered mark on functionality grounds. The Lanham Act provides that the functionality of a design feature is a defense that can be asserted at any time, even after a registration has become incontestable. See 15 U.S.C. § 1115(b)(8). If, however, a feature is "inherently nonfunctional," i.e., *incapable* of serving a function, then challenging the validity of the mark

the grille design is *incapable* of protecting the vehicle's radiator while allowing air to pass freely through it; the split windshield is *incapable* of adding strength to the windshield and frame, enhancing the vehicle's ability to support its own weight if flipped upside down; the rectangular doors are *incapable* of maximizing the opening area for fast ingress and egress of soldiers wearing gear and carrying rifles; the squared edges are *incapable* of maximizing space within the overall size limitations of the vehicle; and the slanted and raised hood is *incapable* of providing greater visibility and wheel clearance.

On a doctrinal level, the notion of "inherently non-functional" product design has no place in trade dress law. "[P]roduct design almost invariably serves purposes other than source identification," which is why "consumer predisposition to equate the feature with the source does not exist." *Wal-Mart*, 529 U.S. at 213. Just as product "design * * * is not inherently distinctive" (*id.* at 212), it cannot be inherently nonfunctional. Instead, much as a party attempting to register a mark must prove that it has acquired secondary meaning (*ibid.*), a plaintiff claiming trade dress infringement bears the burden of proving nonfunctionality. See 15 U.S.C. § 1125(a)(3). The Sixth Circuit's language to the contrary is doctrinally untethered.

Most significant for present purposes, however, is the fact that the "inherently non-functional" description of the Humvee's trade dress elements threatens to give other federal courts license to relieve plaintiffs of the burden of factually proving nonfunctionality. It similarly threatens to deprive defendants of their ability to show that the features are indeed functional; after all, there is no contrary evidence that could ever overcome an "inherent" characteristic. Each potential development would make it easier for plaintiffs to show nonfunctionality, which risks allowing trademark law to "make

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on functionality grounds is literally impossible. Therefore, the present split in the circuits not only precludes uniformity of case law, it effectively negates even that uniformity meant to be effected by federal statute.

an 'end run' around the strict requirements of utility patent law by giving equivalent rights to exclude." 1 J. THOMAS MCCARTHY, *supra*, § 7:64.

III. THE CIRCUIT CONFLICT CONCERNS A MATTER OF OVERRIDING IMPORTANCE AS TO WHICH NATIONAL UNIFORMITY IS REQUIRED

This Court has underscored the importance of a uniform national rule in the realm of intellectual property. See *Bonito Boats*, 489 U.S. at 162 ("one of the fundamental purposes behind the Patent and Copyright Clauses of the Constitution was to promote national uniformity in the realm of intellectual property"). The circuit split following *TrafFix* shows that there is in fact no national uniformity with respect to the critical issue of when an unpatented design feature may be protected under trade dress law; to the contrary, it has troubling implications for the registrability and enforcement of product design trade dress.

Once a trademark registration is registered in the Patent and Trademark Office, it is presumptively valid, and the burden shifts to any challenger to prove (for example) that the registered design is functional. See 15 U.S.C. § 1057(b). However, because the Patent and Trademark Office is bound by the decisions of the Federal Circuit (TRADEMARK TRIAL AND APPEAL BOARD MANUAL OF PROCEDURE § 101.03), federal trademark registration for a product design will necessarily be issued or refused based on the Federal Circuit's interpretation of the *TrafFix* test. As explained above, that court permits plaintiffs to point to the availability of alternative designs as evidence of nonfunctionality, which makes it easier for plaintiffs to prove nonfunctionality in the Federal and Sixth Circuits than in the Fifth Circuit. If a product design registration is granted due in part to the existence of alternatives, but the owner seeks to enforce that registration in the Fifth Circuit, that court will have to choose between giving effect to the statutory presumptions and applying its own understanding of this Court's *TrafFix* test. Hence, at least in some jurisdictions, the circuit split creates an unacceptable disconnect between the standard for establishing that a product

design is nonfunctional for registration purposes, and the standard for establishing that it is nonfunctional for enforcement purposes.

Clear instructions from this Court with respect to interpretation of the "essential to the use or purpose" prong of the functionality test are therefore necessary to ensure a uniform national rule in the realm of intellectual property.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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MAY 2007

APPENDIX

APPENDIX A

United States Court of Appeals
FOR THE SIXTH CIRCUIT

No. 05-2085

GENERAL MOTORS CORP. and AM GENERAL, LLC,
Plaintiffs-Appellees,

v.

LANARD TOYS, INC. and LANARD TOYS LTD.,
Defendants-Appellants.

ARGUED: July 19, 2006.
DECIDED: Oct. 25, 2006.

Before: MARTIN and RYAN, Circuit Judges; MARBLEY, District Judge.*

RYAN, J., delivered a separate concurring opinion.

OPINION

BOYCE F. MARTIN, JR., Circuit Judge.

The district court, in a trademark and trade dress infringement suit filed against Lanard Toys by General Motors

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* The Honorable Algenon L. Marbley, United States District Judge for the Southern District of Ohio, sitting by designation.

Corporation, granted summary judgment for General Motors on its claims while denying Lanard's motion for summary judgment based on the affirmative defenses of laches and estoppel. Lanard now appeals those decisions. The dispute is over a series of toy vehicles produced by Lanard called "THE CORPS! ATK" which resemble the Hummer vehicle produced by General Motors. Based on the following discussion, we affirm the district court's decisions.

I.

A. Development of Hummer

In the 1980s, the United States government commissioned AM General to produce a high mobility military vehicle. The result was called the High Mobility Multi-Wheeled Vehicle or HMMWV, which was commonly referred to as the "Humvee." After garnering recognition through its use in the first Gulf War, AM General decided to introduce a civilian version of the Humvee in 1992, known as the Hummer. The design of both the Humvee and Hummer included a front grille with seven vertical pill-capsule shaped slots, bookended by round headlights of approximately equal size to the slots. AM General received a registered trademark for the grille design on March 5, 1996. AM General never sold more than 900 Hummers in any calendar year from 1992 to 1999, in part due to a price tag of over $100,000. In December of 1999, AM General transferred the Hummer brand to General Motors as well as all intellectual property rights in the civilian vehicle while maintaining all rights in the Humvee name and the military vehicle. After the transfer, General Motors created the H2, a smaller version of the Hummer.

B. Lanard's Interactions with the Humvee/Hummer brands

In 1992, Lanard Toys, Inc. began selling a toy vehicle called the "MUDSLINGER." It was modeled after the Humvee military vehicle, including a similar grille design to that of the Humvee. The box for the MUDSLINGER labeled the toy as a

"Hyper Humvee." Lanard's sales records show that the MUDSLINGER had limited sales between 1992 and 1996, including no sales for the years of 1994 and 1996. In July 1993, AM General contacted Lanard regarding the use of their trademarked name of "Humvee" on its toys. After correspondence between the two parties, Lanard agreed to stop using the "Humvee" name on its toys, but continued to manufacture the MUDSLINGER toy. There is dispute between the parties as to whether Lanard agreed with AM General that Lanard could continue to manufacture MUDSLINGER toys.

In February 1997, Lanard contacted AM General regarding putting the "Humvee" name back on its toys. Lanard, at the time, was producing a number of military vehicle toys, including the "THE CORPS! ATK" vehicle at issue in this case. The ATK vehicle has a similar design to that of the MUDSLINGER vehicle. In response to Lanard's letter, AM General sent a cease-and-desist letter to Lanard to stop using all of AM General's trademarks. Lanard responded by stating that it did not use either the Hummer or Humvee names on its packaging.

In November 1998, AM General sent a demand letter to Lanard regarding the ATK vehicle's "nose design." Lanard responded by refusing to comply with the demand to stop producing the toy. In November 2000, General Motors contacted Lanard to inform it that Lanard's military toy vehicles infringed on the Hummer vehicle produced by General Motors. Lanard again rejected that contention and continued to produce its toys. On March 20, 2001, General Motors filed suit claiming that Lanard's toys infringed on its rights to the Hummer vehicle and grille design.

C. Procedural History

General Motors's complaint alleged that Lanard's toys infringed on its Hummer vehicle and grille design, resulting in trademark infringement, trade dress infringement, dilution, and common law trademark infringement. On July 16, 2003, Lanard filed a complaint against AM General seeking a declaratory

judgment as to AM General's rights in the Humvee vehicle and grille design. AM General, on September 29, 2003, filed a counterclaim against Lanard for infringement on its Humvee trade dress. In April 2004, all parties moved for summary judgment and the district court granted summary judgment for AM General and General Motors on their trade dress and trademark infringement claims. The district court dismissed all of Lanard's defenses except for laches and estoppel.

From March 8 to 10, 2005, a jury trial was held on damages and the issue of laches and estoppel. The jury awarded damages to General Motors as a eight percent royalty on sales of the ATK ($340,330), plus over $900,000 from Lanard's profits. Acting in an advisory capacity, the jury denied Lanard's laches and estoppel defenses. Lanard filed a timely appeal to this Court on August 10, 2005.

II.

A. Summary Judgment Standard

This Court reviews a district court's decision to grant summary judgment de novo. *Bennett v. City of Eastpointe*, 410 F.3d 810, 817 (6th Cir. 2005). Summary judgment is only appropriate "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed.R.Civ.P. 56(c). "The burden is generally on the moving party to show that no genuine issue of material fact exists, but that burden may be discharged by 'showing-that is, pointing out to the district court-that there is an absence of evidence to support the nonmoving party's case.'" *Bennett*, 410 F.3d at 817 (quoting *Celotex Corp. v. Catrett*, 477 U.S. 317, 325, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986)). "In reviewing a summary judgment motion, credibility judgments and weighing of the evidence are prohibited. Rather, the evidence should be viewed in the light most favorable to the non-moving party." *Id.* (citing *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986)).

"Thus, the facts and any inferences that can be drawn from those facts, must be viewed in the light most favorable to the non-moving party." *Id.* (citing *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587, 106 S.Ct. 1348, 89 L.Ed.2d 538 (1986)).

B. Trademark Infringement Claim

To demonstrate trademark infringement, the plaintiff must show that the use of the allegedly infringing trademark "is likely to cause confusion among consumers regarding the origin of the goods offered by the parties." *Daddy's Junky Music Stores, Inc. v. Big Daddy's Family Music Center*, 109 F.3d 275, 280 (6th Cir.1997) (citing 15 U.S.C. § 1114). In order to determine confusion, this Court examines the eight so-called *Frisch* factors: "(1) strength of the plaintiff's mark, (2) relatedness of the goods or services, (3) similarity of the marks, (4) evidence of actual confusion, (5) marketing channels used, (6) likely degree of purchaser care, (7) the defendant's intent in selecting its mark, and (8) likelihood of expansion of the product lines." *Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP*, 423 F.3d 539, 548 (6th Cir. 2005) (citing *Frisch's Rests., Inc. v. Elby's Big Boy of Steubenville, Inc.*, 670 F.2d 642, 648 (6th Cir. 1982), cert. denied, 459 U.S. 916, 103 S.Ct. 231, 74 L.Ed.2d 182 (1982)). "These factors imply no mathematical precision, but are simply a guide to help determine whether confusion is likely." *Id.* (citing *Homeowners Group, Inc. v. Home Mktg. Specialists, Inc.*, 931 F.2d 1100, 1107 (6th Cir. 1991)). As we have noted:

> This Circuit considers the question of whether there is a likelihood of confusion a mixed question of fact and law. Factual findings must be made with respect to the likelihood of confusion factors set out above. However, the further determination of whether a given set of foundational facts establishes a likelihood of confusion is a legal conclusion. Because this case is presented to us after a grant of summary judgment, our task is to determine whether the District Court

> correctly held that no genuine issues of material fact were presented regarding the likelihood of confusion factors.

Id. at 548 n. 11 (citing *Homeowners Group*, 931 F.2d at 1107).

1. The District Court's Treatment of the *Frisch* Factors

The district court held that Lanard's ATK vehicle grille design infringed on the Hummer Nose Design trademark (Trademark No. 1,959,544). Lanard's primary objection to the summary judgment against them on the infringement of the '544 trademark was the failure by the district court to discuss any of the *Frisch* factors in its judgment. "[N]ot all of these factors may be particularly helpful in any given case. But a thorough and analytical treatment must nevertheless be attempted." *Daddy's Junky Music Stores*, 109 F.3d at 280. Lanard argues that no such "thorough and[1] analytical treatment" was given to the trademark infringement claim in this case. General Motors responds by noting that "[t]his Court reviews judgments, not opinions," *In re Big Rivers Elec. Corp.*, 355 F.3d 415, 442 (6th Cir. 2004), and argues that "there is no need for a detailed analysis because all factors favor a likelihood of confusion." Despite General Motors's contention, Lanard's argument appears to be a correct one.

Daddy's Junky Music Stores advises a court to conduct a "thorough and analytical treatment" of the *Frisch* factors. The district court may have conducted such a treatment, but it has given no indication of its analysis and what reasoning it used to arrive at its conclusion in either its order, or the transcript of the summary judgment hearing. This leaves a reviewing court little to work with in determining whether the trademark infringement

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[1] General Motors and AM General present a unified front in responding to Lanard's appeal. Therefore, we will refer to both of the Plaintiffs in this case as General Motors. Where necessary, we will distinguish between AM General and General Motors.

claim was deserving of judgment as a matter of law. *Daddy's Junky Music Stores* requires that the district court make express factual findings as to the *Frisch* likelihood-of-confusion factors. 109 F.3d at 280. With that said, the district court erred in not conducting a proper discussion of the *Frisch* factors. However, because we review a summary judgment motion de novo, the district court's silence is not, standing alone, a reversible error and we must now conduct a de novo review of the likelihood-of-confusion factors.

2. Likelihood of Confusion

As discussed *supra*, there are eight likelihood-of-confusion factors which we must weigh to determine confusion and, therefore, trademark infringement. Upon review of the record, we find there to be sufficient evidence to grant summary judgment in favor of General Motors on the issue of a likelihood-of-confusion. The "strength of the mark" factor heavily favors General Motors, as the trademark in question has been federally registered and General Motors places the grille of a Hummer prominently within a number of its advertisements for the vehicle. The "similarity of the marks" and the "defendant's intent in selecting the mark" both heavily favor General Motors, as there is undisputed evidence that the design of the front grille of Lanard's toys was copied directly from the Hummer vehicle. Also, the "likely degree of purchaser care" favors General Motors, as the product in question is a series of toys. It is highly unlikely that a child or adult, in the selection of a toy, will carefully evaluate whether the Hummer-like vehicle is actually from the maker of Hummer or another source of goods. They will merely recognize the grille shape, recognize the general shape, and purchase based on that recognition. The "relatedness of the goods and services" also weighs in favor of General Motors, as the toy car is quite closely related to the actual car on which the registered trademark of the grille is found. The factors of "marketing channels used" and "likelihood of expansion of product lines" do not strongly favor either party in this case. There appears to be no evidence of how the marketing for either product might

overlap, and while General Motors states it has considered making Hummer toys, there is no real proof that the company is seriously considering this possibility.

The only remaining factor is that of "evidence of actual confusion." Lanard argues that a survey used by General Motors to demonstrate actual confusion was actually focused on the overall vehicle's trade dress, not the trademark in the grille, an assertion which General Motors concedes. The only proof of actual consumer confusion presented by General Motors is a K-Mart purchase order form and a screen-shot from Amazon.com's Toys "R" Us section, both of which list Lanard's toys as "Humvees." What General Motors fails to acknowledge is that the mere use of the Humvee name by retail stores does not inherently mean that Lanard has infringed on the trademark of the *grille design* or that the grille design itself is the reason for the confusion. As General Motors must acknowledge, the confusion by K-Mart or Toys "R" Us could stem from the overall exterior of the toys and not necessarily from the grille design. In order to prove actual confusion, the confusion must stem from the mark in question-in this case, the grille design. Given the uncertainty in this evidence, we hold that the "evidence of actual confusion" factor does not favor either party, although neither would this factor be determinative on the overall issue of the likelihood-of-confusion. *See Daddy's Junky Music Stores*, 109 F.3d at 284 ("Due to the difficulty of securing evidence of actual confusion, a lack of such evidence is rarely significant."). In sum, the weight of the factors in favor of a finding a likelihood of confusion convinces us that summary judgment was appropriate in this case, despite the district court's failure to adequately discuss the *Frisch* factors.

C. Trade Dress Claim

Trademarks and trade dress are separate and distinct causes of action under the Lanham Act, 15 U.S.C. § 1050 *et seq. Gibson Guitar*, 423 F.3d at 547. Trade dress has been described by the Supreme Court as the "'design or packaging of a product' which has acquired a 'secondary meaning' sufficient 'to identify

the product with its manufacturer or source.'" *Id.* (quoting *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 28, 121 S.Ct. 1255, 149 L.Ed.2d 164 (2001)).

> Trade dress refers to the image and overall appearance of a product. It embodies that arrangement of identifying characteristics or decorations connected with a product, whether by packaging or otherwise, [that] make[s] the source of the product distinguishable from another and ... promote[s] its sale. Trade dress involves the total image of a product and may include features such as size, shape, color or color combinations, texture, graphics, or even particular sales techniques.

Id. at 547 n. 10 (internal citation omitted).

A party seeking to recover for trade dress infringement must prove by a preponderance of the evidence that (1) the trade dress is not functional; (2) the trade dress is distinctive in the marketplace and has acquired "secondary meaning," thereby indicating the source of the goods; and (3) the trade dress of the accused product is confusingly similar. *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 210, 120 S.Ct. 1339, 146 L.Ed.2d 182 (2000). Lanard is silent on the issue of whether the trade dress of its toys is confusingly similar to the trade dress asserted by General Motors and AM General. This silence is taken as a concession of this element of trade dress infringement. We must therefore review de novo whether there was a material issue of fact as to each of the remaining two elements. The district court held that Lanard's "CORPS! ATK" vehicle violated the Hummer/Humvee trade dress as a matter of law.

1. Elements and Ownership of Trade Dress

Before addressing the application of the trade dress infringement elements, we must first address Lanard's challenge to both the ownership of the Hummer and Humvee trade dress and what that trade dress is comprised of. Lanard's argument

can be summed up in two statements. First, neither the district court, AM General, nor General Motors listed the appropriate elements constituting the protected trade dress. Second, the district court inappropriately lumped together the trade dress of the civilian Hummer vehicle (owned by General Motors) with the military Humvee vehicle (owned by AM General), thereby prejudicing many of Lanard's arguments against trade dress infringement.

"[I]t will not do to solely identify in litigation a combination as 'the trade dress.' Rather, the discrete elements which make up that combination should be separated out and identified in a list." *McCarthy on Trademarks* § 8:3 (4th ed.2001). General Motors argues that the trade dress was properly identified as the "exterior appearance and styling" of the vehicles in question. However,

> focus on the overall look of a product does not permit a plaintiff to dispense with an articulation of the specific elements which comprise its distinct dress. Without such a precise expression of the character and scope of the claimed trade dress, litigation will be difficult, as courts will be unable to evaluate how unique and unexpected the design elements are in the relevant market.

Landscape Forms, Inc. v. Columbia Cascade Co., 113 F.3d 373, 381 (2d Cir. 1997). General Motors argues that it met that burden in its summary judgment brief when it identified the trade dress elements as "the exterior appearance and styling of the vehicle design which includes the grille, slanted and raised hood, split windshield, rectangular doors, squared edges, etc." While the district court did not repeat this list as the specific trade dress which Lanard infringed upon, we hold this is sufficient to fulfill the "discrete elements" requirement of a trade dress claim.

Lanard's only dispute that this description by General Motors is not an acceptable list of "discrete elements" involves the "etc." at the end of the description. In requiring a list of

"discrete elements," we are looking to avoid "vague and indeterminate references to the 'overall appearance' or 'look' of plaintiff's packaging." McCarthy on Trademarks § 8:3. In the end, the question is whether or not "the court and the parties coherently define exactly what the trade dress consists of and determine whether that trade dress is valid and if what the accused is doing is an infringement." Id. Based on the list of elements presented by General Motors, it can be understood exactly what they are looking to protect. The "etc." marking must be ignored in such a listing as it does not define any further element to be included in the trade dress. See William Strunk, Jr. & E.B. White, The Elements of Style 46 (4th ed. 2001) ("In formal writing, etc. is a misfit."). Because the listing is not vague and provides exact details as to what General Motors seeks to protect, we find the elements listed by General Motors to be sufficient to define exactly what constitutes the Hummer/ Humvee trade dress.

Lanard's second argument is that the district court treated the trade dress claims from AM General and General Motors as the same. The district court referred in its summary judgment order to the "Hummer/Humvee Trade Dress" as the trade dress on which the ATK vehicle infringed. The two plaintiffs also combined the trade dress claims of the Hummer and the Humvee throughout their summary judgment brief and subsequent reply brief. However, the design elements of each are not identical, as admitted to by an AM General representative: "The HUMVEE contains certain design elements not present on the Hummer, including, but not limited to: 'X'-shaped cross bars on the doors, a slant back with no windows, mounted weapons or a weapons turret, and a blackout headlight in the left front hood recess." While these distinctions appear to be significant changes to the "exterior appearance and styling," they do not change the basic trade dress as defined by the discrete elements listed above. Both the military Humvee and the civilian Hummer share common appearance elements which constitute a trade dress (specifically, the grille, slanted and raised hood, split windshield, rectangular doors, and

squared edges). The elements listed which were not a part of the civilian Hummer's design are also not listed in the discrete elements which make up the trade dress as alleged by General Motors/AM General. Therefore, the district court's combining of the Hummer and Humvee trade dresses into one trade dress comprising the common elements between those vehicles is permissible.

2. Functionality of Trade Dress

Lanard also challenges whether the protected trade dress in this case is actually nonfunctional, claiming that as a functional feature, it cannot be protected under trade dress law. *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 29, 121 S.Ct. 1255, 149 L.Ed.2d 164 (2001). A trade dress's nonfunctional nature must be proven by the party asserting the trade dress protection. 15 U.S.C. § 1125(a)(3); *TrafFix*, 532 U.S. at 29, 121 S.Ct. 1255.

> [A] product feature is functional, and cannot serve as a trademark, if it is essential to the use or purpose of the article or if it affects the cost or quality of the article, that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.

Qualitex Co. v. Jacobson Products Co., 514 U.S. 159, 165, 115 S.Ct. 1300, 131 L.Ed.2d 248 (1995) (internal quotation marks omitted). If a trade dress is found to be functional, the mere fact that there are other non-infringing designs which would serve the same functional purpose is no defense to functionality. *Antioch Co. v. Western Trimming Corp.*, 347 F.3d 150, 155 (6th Cir.2003).

Lanard's first objection to the district court's ruling on this issue is the court's clear misunderstanding of the role of functionality in a trade dress claim. The district court, in its order, stated that "Lanard's defense of 'functionality' is dismissed." This demonstrates an inappropriate shifting of the burden on the issue of functionality from General Motors to Lanard. The district court erred in its labeling of the issue of

functionality as a defense to be proven by Lanard, instead of requiring General Motors to prove the absence of functionality as an element of trade dress infringement. However, this error is not reversible, and we must continue our de novo review of the issue in order to determine if General Motors has proven its trade dress to be non-functional.

General Motors, in proving non-functionality, relies heavily on the declaration of Mr. Robert Gula, Senior Vice President of Engineering and Product Development for AM General. Gula testified that the appearance of the Humvee was unrelated to its function, stating that "AM General's prototype [of the Humvee] could have had a different appearance and still functioned the same way" and that the appearance was "not essential to the use or purpose of the vehicle." However, Gula's first statement is insufficient evidence for non-functionality as the mere existence of other potential designs is no defense to a design's functionality. *Antioch*, 347 F.3d at 155. What remains is Gula's statement that the appearance and styling was "not essential to the use or purpose of the vehicle."

Lanard counters General Motors's proof on this issue by quoting from Gula's deposition testimony in which he stated "[t]he shape [of the Humvee] was basically a byproduct of a vehicle that was designed to meet a performance specification." Gula continued to testify that part of those performance specifications were "dimensional limitations, maximum width, maximum height, maximum overall length. [The Army] dictated approach and departure angle and I think breakover angle." These performance-based specifications all seem to directly affect the "exterior appearance and styling" of the Humvee. However, Gula later stated in his declaration that "The Government's technical specification did not address the exterior appearance or the styling of the vehicle."

We conclude that General Motors must prevail on the issue of functionality. The trade dress in question has been defined as "the exterior appearance and styling of the vehicle design which includes the grille, slanted and raised hood, split

windshield, rectangular doors, squared edges, etc." We fail to see what function these elements perform. While we understand that General Motors bears the burden of proof of non-functionality, the plain appearance of the vehicle shows that the elements which comprise its trade dress are inherently non-functional. The statement by Gula regarding "performance specifications," which was relied upon by Lanard, does not contribute to what makes up the Hummer/Humvee trade dress. In fact, General Motors has managed to significantly alter the height, width, and length of the Humvee in creating its newer models of the Hummer while maintaining the same trade dress as the original military vehicle. The military undoubtedly had function in mind when designing the Humvee. However, this does not necessarily mean that the exterior appearance and style was based on function; rather, it was more likely an unrelated afterthought.

Lanard repeatedly and dramatically stated during oral argument that it stakes its entire claim in this case on the issue of functionality. Unfortunately, this was like picking a show pony in a thoroughbred race. The district court was correct in holding that the Hummer/ Humvee trade dress is non-functional.

3. Secondary Meaning

Finally, Lanard argues that an issue of material fact remains as to whether the allegedly protected trade dress has acquired secondary meaning. Again, General Motors bears the burden of proof on the issue of secondary meaning. *Wal-Mart Stores*, 529 U.S. at 210, 120 S.Ct. 1339. To demonstrate secondary meaning, the evidence must show that "in the minds of the public, the primary significance of the trade dress is to identify the source of the product rather than the product itself." *Inwood Labs.*, 456 U.S. at 851, 102 S.Ct. 2182 n. 11. This Court applies a seven-factor test to determine whether secondary meaning exists in a trade dress: (1) direct consumer testimony, (2) consumer surveys, (3) exclusivity, length, and manner of use, (4) amount and manner of advertising, (5) amount of sales and number of customers, (6) established place in the market, and

(7) proof of intentional copying. *Marketing Displays, Inc. v. TrafFix Devices, Inc.*, 200 F.3d 929, 937 (6th Cir. 1999), *rev'd on other grounds*, *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 121 S.Ct. 1255, 149 L.Ed.2d 164 (2001).

Lanard first argues that the district court erred in not applying the seven-factor test or referring to any of the factors in either its decision or at the summary judgment hearing. Additionally, the district court appears to have incorrectly shifted the burden on this issue by stating that "Lanard's defense of 'secondary meaning' is dismissed." Secondary meaning is an element of trade dress infringement which must be proven by the plaintiffs, not the defendants. *Wal-Mart Stores*, 529 U.S. at 210, 120 S.Ct. 1339. On this issue, the district court erred in ruling against such a "defense" because Lanard is not required to present evidence on secondary meaning. That burden falls to General Motors. However, as this is de novo review, we must continue to apply the seven-factor test in order to determine if General Motors has sufficiently proven that the trade dress has acquired secondary meaning.

In order to prove secondary meaning, General Motors relies on a number of sources. First, it draws this Court's attention to a General Motors business report which states that Hummer has 96% brand recognition. The report, dated December 1, 1999, states that 96% of the 228 respondents were able to correctly identify a picture of the Hummer as in fact being a Hummer. [2] This survey appears to be powerful evidence in that it essentially forced consumers to look at the "exterior appearance and styling" and to identify the source of that product. General Motors also relies on a survey from 2002, conducted in anticipation of this litigation. This "Marylander survey" concluded that Hummer's trade dress had secondary meaning to almost 77% of the respondents, but its conclusion is slightly

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[2] The survey respondents were looking at a picture of AM General's civilian Hummer vehicle, not AM General's military vehicle or General Motors's civilian Hummer vehicles.

misleading. The 77% represents the number of people who, when they were showed pictures of Hummer vehicles, stated that a specific make comes to mind, including: Hummer (54%), Humvee (14%), General Motors (2%), Hoomer (1 %), Hummer truck (1 %), Military Hummer (1 %), and those who could not name the make but knew they were all from one company (15%).[3] Nevertheless, knowledge that a product comes from a single source, even without naming that source, is sufficient to establish secondary meaning. See 15 U.S.C. § 1157.

Lanard argues that General Motors's survey evidence is not enough to establish secondary meaning. First of all, it argues that secondary meaning must be proven before the first allegedly infringing use of the trade dress. *See McCarthy on Trademarks* § 15:4; *Burke-Parsons-Bowlby Corp. v. Appalachian Log Homes, Inc.*, 871 F.2d 590, 596 (6th Cir. 1989) ("Secondary meaning must be established prior to other's first use of a similar [design]."). Survey evidence from either 1999 or 2002 is therefore not relevant given that Lanard developed the MUDSLINGER in 1992 and the allegedly infringing ATK in 1997. General Motors retorts that such a blanket rule would invalidate all surveys of trade dress conducted in anticipation of litigation.

This Court has historically favored the use of consumer surveys as proof of secondary meaning. *See Tumblebus, Inc. v. Cranmer*, 399 F.3d 754, 761 n. 9 (6th Cir. 2005); *see also Black & Decker, Inc. v. Pro-Tech Power Inc.*, 26 F.Supp.2d 834 (E.D.Va.1998) (holding that a 1998 survey showing 85% brand recognition was strong enough to establish secondary meaning in 1992). However, the question remains whether we should ignore all survey evidence conducted post-infringement or

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[3] These numbers do not add up to 77% as respondents were allowed to name more than one make. The 77% named either one of those makes which the survey deemed "Hummer/GM Brands" or did not name a make but said they all came from one company.

accept the evidence with the understanding that the survey does not reflect a pre-infringement world. A court may easily take into consideration the strength of recognition at the time of the survey in light of the amount of time passed between that date and the date of infringement. We have previously taken the latter course in an unpublished decision. *Ashland Oil v. Olymco*, 1995 WL 499466, at **3-5, 1995 U.S.App. LEXIS 24652 (6th Cir. August 21, 1995). This seems to be the appropriate choice, given the relatively unlikely scenario that a company has conducted a pre-infringement survey and this Court's strong support for survey evidence in evaluating secondary meaning. In light of the strong statistical evidence (96% recognition in 1999 and 77% recognition in 2002), we hold that General Motors's survey evidence was sufficient to support secondary meaning. *See Ashland Oil*, 1995 WL 499466, at 1995 U.S.App. LEXIS 24652 at *9-13 (holding that 50% is generally acceptable for secondary meaning and 38% is marginal recognition).

Finally, there is a dispute between the parties over whether the intentional copying of a trade dress constitutes inherent secondary meaning in that trade dress. The Supreme Court has stated that "product-design trade dress can never be inherently distinctive." *Wal-Mart Stores*, 529 U.S. at 214, 120 S.Ct. 1339. Therefore, secondary meaning for any product design trade dress can not be inherent through evidence of copying. While Lanard believes the *Wal-Mart* court completely eliminated consideration of intentional copying in product design cases, that is not the case. Intentional copying may be used to show secondary meaning as the seventh factor in this Court's seven-factor test, but it is only one of many considerations in that test and does not alone establish secondary meaning. Therefore, Lanard's intentional copying of the Humvee trade dress is relevant, but not determinative, to the issue of secondary meaning.

We have now discussed two factors-consumer surveys and proof of intentional copying-of the seven-factor test required by *TrafFix Devices*. 200 F.3d at 937. Because we must focus on secondary meaning developed before infringement, General Motors has very little evidence as to the remaining five factors. Direct consumer testimony is unavailable pre-1992. There was little "exclusivity, length, and manner of use" of the trade dress pre-1992. There was no advertising, with the exception of the presence of the Humvee in the Gulf War. Finally, there was no sales and no established place in the market for the vehicles at that time. However, General Motors presents exceptionally strong survey evidence of recognition of its trade dress along with the intentional copying by Lanard. Lanard was unsuccessful in its attempt to discredit the proof offered by General Motors. Given this strong evidence by General Motors and Lanard's inability to present evidence to the contrary on any of the seven factors, we hold that summary judgment was appropriate as to the issue of secondary meaning.

General Motors therefore has established that there are no material issues of fact as to any of the three elements of trade dress infringement. Therefore, summary judgment was appropriate as to this issue.

D. The Laches and Estoppel Defenses

Lanard's final appeal challenges the district court's decision denying Lanard summary judgment based on laches and estoppel defenses.[4] Laches is the "negligent and unintentional failure to protect one's rights." *Nartron Corp. v. STMicroelectronics, Inc.*, 305 F.3d 397, 408 (6th Cir.2002). To demonstrate a valid estoppel claim, Lanard "must show that it had been misled by [General Motors/AM General] through

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[4] It should be noted that the burden here shifts from the previous two appeals because in this appeal of summary judgment, Lanard was the moving party at the district court, while General Motors was the non-movant.

actual misrepresentations, affirmative acts of misconduct, intentional misleading silence, or conduct amounting to virtual abandonment of the trademark." *Id.* at 412. In its estoppel defense, Lanard relies on the "silence" and "virtual abandonment" requirements. Because the application of these related defenses here turns on AM General's silence and the potential abandonment of its claims, we will address both defenses together.

1. Summary Judgment Appeal Post-Jury Verdict

Before we can reach the merits of the laches and estoppel defenses, we must be sure that an appeal of a summary judgment can be heard. After denying Lanard's motion for summary judgment on laches, the district court submitted the question of the laches and estoppel defenses to the jury and the jury rejected Lanard's defenses. We will generally not rule on an appeal of summary judgment if the issue went to trial. *Garrison v. Cassens Transport Co.*, 334 F.3d 528, 537 (6th Cir. 2003). However, an exception to that rule exists if the summary judgment was based on a pure question of law rather than on a material issue of facts, in which case this Court may review the summary judgment motion. *Paschal v. Flagstar Bank*, 295 F.3d 565, 572 (6th Cir. 2002). Although the district court did not provide an explanation for why it denied Lanard's motion for summary judgment on laches and estoppel, it subsequently submitted the question to the jury, thereby insinuating that there were questions of fact for the jury to answer. We thus reason from the district court's ruling that its denial of summary judgment was not based on a pure question of law, but on factual disputes over the elements of laches.

Lanard argues that the submission of the question of laches to a jury is irrelevant because the district court did so "in an advisory sense." Because the jury's determination on this issue was only advisory, Lanard argues, there was no jury verdict on the issue of laches and this Court may therefore hear the appeal. Based on this "advisory" jury determination, we agree. While a jury may be used to consider factual disputes in a laches

defense, the fact that the jury was used in an advisory manner suggests that our review of the denial of summary judgment is appropriate.

2. Elements of Laches

This Court has held that:

> [a] party asserting laches must show: (1) lack of diligence by the party against whom the defense is asserted, and (2) prejudice to the party asserting it. In this Circuit, there is a strong presumption that a plaintiff's delay in asserting its rights is reasonable as long as an analogous state statute of limitations has not elapsed. In evaluating whether a party has been diligent in protecting its trademark, we look to the state-law statute of limitations for injury to personal property. Here, under Michigan law, that period is three years. In other words, a delay beyond the three-year statutory period is presumptively prejudicial and unreasonable. The period of delay begins to run when plaintiff had actual or constructive knowledge of the alleged infringing activity.

Nartron, 305 F.3d at 408 (internal quotation marks and citations omitted). The applicable state statute of limitations in this case is three years. M.C.L.A. § 600.5805(10).

Lanard believes the facts demonstrate that AM General was negligent in the protection of its rights and that AM General's silence misled Lanard into continuing with the production of its toys. Because Lanard was the moving party in the summary judgment motion on the issue of the defenses, we must view the facts in the light most favorable to General Motors and AM General. Additionally, in reviewing the facts, we must keep in mind that the subject matter of the case before us is Lanard's use of the trademarked grille design and the trade dress, not its use of the term "Humvee."

AM General was first aware of Lanard's MUDSLINGER toy in 1993 when AM General contacted Lanard about the use

of "Hyper Humvee" on its packaging. After Lanard agreed to discontinue the use of "Hyper Humvee" on its packaging, AM General's representative wrote to Lanard on August 26, 1993: "You state in your telefax that Lanard Toys is redoing its packaging. If that means that Lanard Toys intends to continue selling toy vehicles that replicate AM General's HUMMER vehicle, we believe that Lanard Toys may still be violating our client's rights." Based on this letter, there appears to be a material issue of fact as to whether AM General was aware that Lanard Toys was going to continue making its Humvee-styled toys without the "Humvee" name. A reasonable fact-finder could interpret Lanard's silence to constitute agreement with AM General that the company would cease making its toys or, as actually happened, the letter could have been ignored by Lanard. Considering the language in AM General's letter and the failure of Lanard to respond, a jury could believe that AM General was unaware that Lanard continued making its Humvee-styled toys.

The parties again contacted each other in 1997, and this time Lanard initiated the dialogue to make a deal with AM General to add the name "Humvee" back to the toys, and included pictures of the toys in question. Based on this letter, there is still a material issue of fact as to whether AM General took this letter to mean Lanard was already producing the Humvee-styled toys and wanted to use the "Humvee" name, or whether the entire production of the toys rested on whether AM General would allow Lanard to use the name. Because there remains a question of fact whether AM General delayed in the exercising of its rights, the district court was correct to deny summary judgment as to the laches and estoppel defenses and submit those questions to a jury.

III.

Based on the discussion above, we affirm the decisions of the district court.

RYAN, Circuit Judge, concurring.

While I concur entirely with my colleagues' conclusion that the district court's judgment must be affirmed, I write separately to emphasize that I vote to affirm only because I'm satisfied that there is no "genuine issue of material fact," under Fed.R.Civ.P. 56, that can preclude judgment for the plaintiff, as a matter of law, particularly as the term of art "genuine issue" has been interpreted by the Supreme Court in the *Celotex* trilogy. See *Celotex Corp. v. Catrett*, 477 U.S. 317, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986), *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986), *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 106 S.Ct. 1348, 89 L.Ed.2d 538 (1986).

I express no view about the sufficiency of the evidence with respect to any issue in the case.

APPENDIX B

United States District Court
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Nos. 01-71103, 03-72731

GENERAL MOTORS CORP. and AM GENERAL, LLC,

Plaintiffs,

v.

LANARD TOYS, INC. and LANARD TOYS LTD.,

Defendants.

Arthur J. Tarnow, District Judge.

JUDGMENT AND PERMANENT INJUNCTION

1. WHEREAS this Court granted summary judgment in the above-captioned case on August 27, 2004 resolving numerous issues in this case prior to trial, which Summary Judgment Order is attached hereto as Exhibit A;

2. WHEREAS the Court, on March 8, 2005, entered an Order of Dismissal As To Certain Claims Over Defendants' Objections, which is attached hereto as Exhibit B;

3. WHEREAS the Court held trial on March 8, 2005 through March 10, 2005 on the remaining issues; and

4. WHEREAS the jury rendered its verdict on March 10, 2005 on these remaining issues,

IT IS HEREBY ORDERED, ADJUGED AND DECREED that this judgment and permanent injunction is entered as follows:

A. The defendants used the asserted trademark or trade dress intentionally knowing that it was an infringement.

B. Judgment is entered against defendants, jointly and severally, in favor of GM/AMG in the amount of $1,274,141.

C. Defendants have not met their burden of proof on their laches and estoppel defenses, and those defenses are dismissed with prejudice.

D. GM/AMG are awarded their costs as the prevailing party and pre-judgment interest from March 20, 2001, the amount of which shall be based on the Michigan statutory rate, to be determined based on the final amount awarded after post-judgment submissions to the Court.

E. The Court reserves the issue as to whether to adjust the amount of defendants' profits awarded to plaintiffs under 15 U.S.C. § 1117(a) which shall be decided by post-judgment motions to be filed within 10 days of entry of this judgment.

F. The Court also reserves the issue of whether to increase the award of damages to plaintiffs up to an additional three times and/or award attorneys' fees to the plaintiffs, which shall be decided by post-judgment motions to be filed within 10 days of entry of this judgment.

G. Pursuant to Fed. R. Civ. P. 65, defendants, their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with defendants who receive notice of this permanent injunction by personal service or otherwise, are permanently enjoined and restrained from:

(1) Importing, manufacturing, producing, distributing, circulating, selling, offering for sale, advertising, promoting or displaying the Corps! ATK vehicle;

(2) Imitating, copying or making any unauthorized use of the Hummer Nose Design Trademark (U.S.

Trademark Registration No. 1,959,544), as show in Exhibit C, and/or the trade dress of the Hummer/Humvee Vehicle, as shown in its entirety by the Pictures Exhibit D;

(3) Importing, manufacturing, producing, distributing, circulating, selling, offer for sale, advertising, promoting or displaying any service or product using any simulation, reproduction, counterfeit or copy of, and/or any service that is confusingly similar to either the Hummer Nose Design Trademark and/or the trade dress of the Hummer/Humvee Vehicle;

(4) Using any false designation of origin or false description (including, without limitation, any letters, symbols, or designs constituting the Hummer Nose Design Trademark and/or the trade dress of the Hummer/Humvee Vehicle) or performing any act, which can, or is likely to, lead members of the trade or public to believe that any service or product manufactured, distributed or sold by defendants is in any manner associated or connected with GM, AMG, the HUMMER® brand, or the Hummer Nose Design Trademark and/or the trade dess of the Hummer/Humvee Vehicle, or is sold, manufactured, licensed, sponsored, approved or authorized by GM or AMG;

H. This judgment and permanent injunction only deals with the rights and obligations of the parties in the United States and is not intended to affect the parties' claims and defense in other countries.

I. Should GM or AMG accuse Lanard's Ultra Corps., Super Shots and/or Infrared Vehicle, which were part of this case, with infringement of the Nose Design Trademark and/or trade dress of the Hummer/Humvee vehicle after the date of this judgment, GM and/or AMG agree not to pursue any such accusation as a

contest of this Order, but instead shall file a new lawsuit with respect to such accusations.

J. Defendants and their agents, employees, servants, attorneys, successors, and assigns, and all others in privity or acting in concert herewith, shall file with this Court, and serve upon GM/AMG's counsel within thirty (30) days of this judgment, a written report under oath, setting forth in detail the manner and form in which they have complied with the permanent injunction.

K. GM/AMG and/or auditors of GM/AMG shall be allowed to audit and inspect the books, records, and premises of the defendants for a period of three (3) months after entry of this judgment and permanent injunction to determine defendants' compliance with this permanent injunction.

IT IS SO ORDERED.

Arthur J. Tarnow
United States District Judge

Date: Apr. 12, 2005

EXHIBIT A

United States District Court
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Nos. 01-71103, 03-72731

GENERAL MOTORS CORP. and AM GENERAL, LLC,

Plaintiffs,

v.

LANARD TOYS, INC. and LANARD TOYS LTD.,

Defendants.

Arthur J. Tarnow, District Judge.

ORDER REGARDING
SUMMARY JUDGMENT MOTIONS

Plaintiffs, General Motors Corporation ("GM") and AM General, LLC ("AMG") have moved for summary judgment. Defendants, Lanard Toys, Inc. and Lanard Toys Limited ("Lanard") has also moved for summary judgment. The Court has considered the briefs and arguments of the parties and is fully appraised of the issues. For the reasons set forth on the record on Friday, August 13, 2004, the Court hereby orders:

1. Lanard's "CORPS! ATK Vehicle" is held to infringe both the Hummer/Humvee Trade Dress and the Hummer Nose Design Trademark (U.S. Registration No. 1,959,544).

2. Lanard's "Mean Machine" is held not to infringe the Hummer/Humvee Trade Dress or the Hummer Nose Design Trademark.

3. Lanard's "Ultra Corps!" toy is held not to infringe the Hummer/Humvee Trade Dress. The Court also determined that infringement of the Hummer Nose Design Trademark presents a jury question.

4. Lanard's "Super Shots" toy is held to present a jury question as to infringement of both the Hummer/Humvee Trade Dress and the Hummer Nose Design Trademark.

5. Lanard's "Infrared Vehicle" toy is held to present a jury question as to infringement of both the Hummer/Humvee Trade Dress and the Hummer Nose Design Trademark.

6. Lanard's defenses of "functionality" and no "secondary meaning" are dismissed.

7. Lanard's defense of "ownership" is dismissed.

8. All of Lanard's Affirmative Defenses are dismissed at summary judgment except for Lanard's laches and estoppel defenses.

Therefore,

IT IS ORDERED that the Defendants' Renewed Motion for Summary Judgment [115] is GRANTED IN PART and DENIED IN PART.

IT IS FURTHER ORDERED that General Motors' Motion for Summary Judgment of Infringement of the Hummer Nose Design Trademark [160] is GRANTED IN PART and DENIED IN PART.

IT IS FURTHER ORDERED that Plaintiffs' Joint Motion for Summary Judgment of Infringement of the Hummer and Humvee Vehicle Trade Dress [161] is GRANTED IN PART and DENIED IN PART.

IT IS FURTHER ORDERED that Plaintiffs' Joint Motion for Summary Judgment as to Defendants' Affirmative Defenses [162] is GRANTED IN PART and DENIED IN PART.

IT IS FURTHER ORDERED that Defendants' Renewed Motion to Strike the Declaration of Charles Ellerbrock [172] is DISMISSED AS MOOT.

IT IS FURTHER ORDERED that Plaintiffs' Motion to File Reply Briefs in Excess of Five Pages [180] is GRANTED.

HON. ARTHUR TARNOW
U.S. District Court Judge

Dated: August 27, 2004

EXHIBIT B

United States District Court
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Nos. 01-71103, 03-72731

GENERAL MOTORS CORP. and AM GENERAL, LLC,

Plaintiffs,

v.

LANARD TOYS, INC. and LANARD TOYS LTD.,

Defendants.

Arthur J. Tarnow, District Judge.

ORDER OF DISMISAL AS TO CERTAIN CLAIMS
OVER DEFENDANTS' OBJECTIONS

WHEREAS, plaintiffs have accused defendants (hereinafter "Lanard") of infringement of U.S. Trademark Registration No. 1,959,544 and the Trade Dress of the Hummer/Humvee vehicle with respect to five toys manufactured and sold by Lanard; and

WHEREAS, the Court on August 27, 2004 ruled with respect to those five toys as follows:

1. Lanard's Corps! ATK Vehicle is held to infringe both the Hummer/Humvee Trade Dress and the Hummer Nose Design Trademark (U.S. Registration No. 1,959,544).

2. Lanard's "Mean Machine" is held not to infringe the Hummer/Humvee Trade Dress or the Hummer Nose Design Trademark.

3. Lanard's "Ultra Corps!" toy is held not to infringe the Hummer/Humvee Trade Dress. The Court also determined that infringement of the Hummer Nose Design Trademark presents a jury question.

4. Lanard's "Super Shots" toy is held to present a jury question as to infringement of both the Hummer/Humvee Trade Dress and the Hummer Nose Design Trademark.

5. Lanard's "Infrared Vehicle" toy is held to present a jury question as to infringement of both the Hummer/Humvee Trade Dress and the Hummer Nose Design Trademark.

WHEREAS, plaintiff's have requested that the three toys for which there are remaining questions as to infringement not be included in trial for efficiency and to reduce the number of issues to be tried as Lanard has no current sales of these products and the amount of sales involved with respect to any past damages would be small; and

WHEREAS, plaintiffs have agreed to release defendants from any past liability with respect to said products as a condition of such dismissal.

WHEREAS, defendants object to this dismissal because they continue to market the three toys and they will be prejudiced if they are required to defend a new lawsuit raising the same claims because they will have incurred substantial attorneys' fees to defend the claims in this case and because they do not believe that any claimed efficiency will offset this prejudice;

WHEREAS, the court has determined, over defendants' objections, that it will allow Plaintiffs to voluntarily dismiss their claims based on the three toys.

IT IS HEREBY ORDERED as follows:

1. Plaintiffs hereby release defendants for any liability with respect to infringement of the '544 registration and/or Hummer/Humvee Trade Dress with respect to sales of Lanard's accused Infrared Vehicle, Ultra Corps! and Supper Shots toy products through the date of this dismissal with prejudice.

2. As a result of this release, plaintiffs' claims in this case against these three toys are dismissed with prejudice as to sales prior to the date of this dismissal and without prejudice to bring these claims against future sales of these products after the date of this dismissal.

SO ORDERED.

Dated: March 8, 2005

HON. ARTHUR TARNOW
U.S. District Court Judge.

EXHIBIT C

Int. Cl.: 12

Prior U.S. Cl.: 19

United States Patent and Trademark Office

Reg. No. 1,959,544
Registered Mar. 5, 1996

TRADEMARK
PRINCIPAL REGISTER

AM GENERAL CORPORATION (DELAWARE CORPORATION)
P.O. BOX 7025
SOUTH BEND, IN 46634-7025

FOR: TRUCKS, IN CLASS 12 (U.S. CL. 19).
FIRST USE 7-8-1991; IN COMMERCE 7-8-1991.

THE MARK CONSISTS OF THE CONFIGURATION OF THE TRUCK'S NOSE, INCLUDING THE GRILL AREA AND ADJACENT PANELS. THE ITEMS OUTLINED WITH BROKEN LINES ARE NOT CLAIMED AS A FEATURE OF THE MARK.

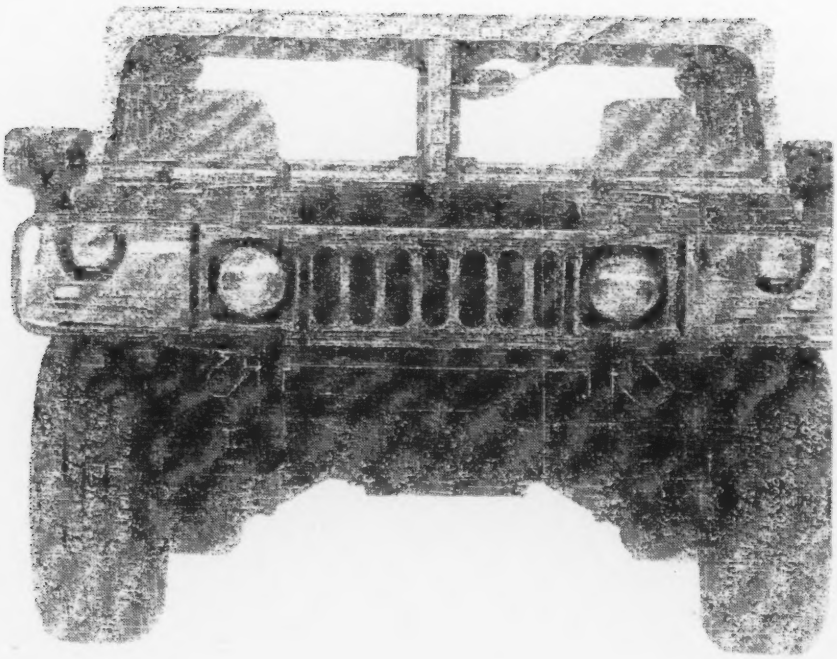
SEC. 2(F).

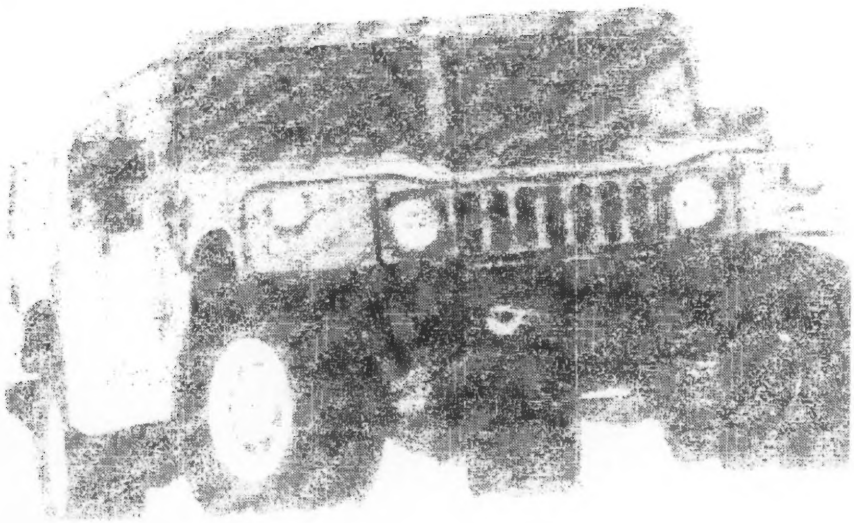
SER. NO. 74-411,234, FILED 7-12-1993.

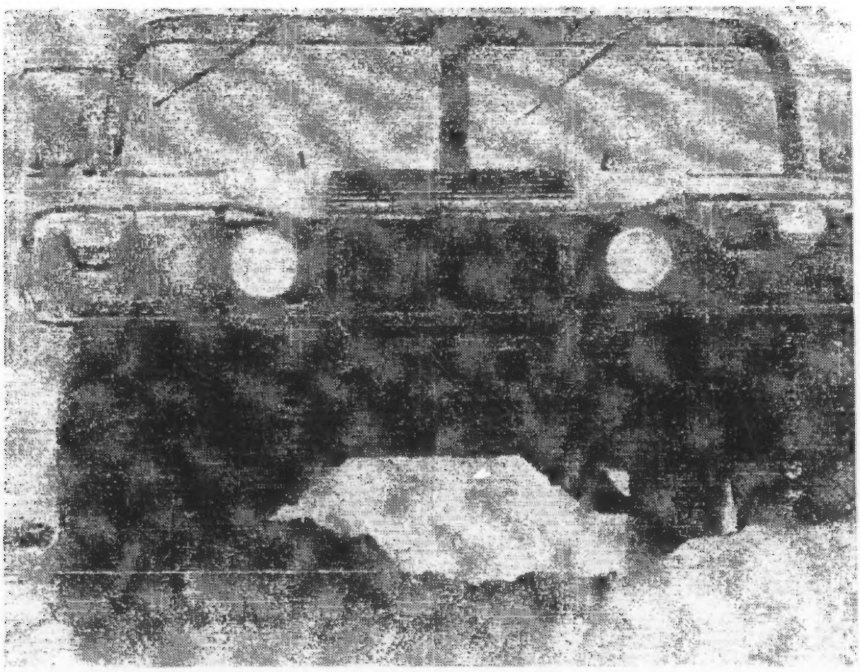
ANTHONY E. MASIELLO, EXAMINING ATTORNEY

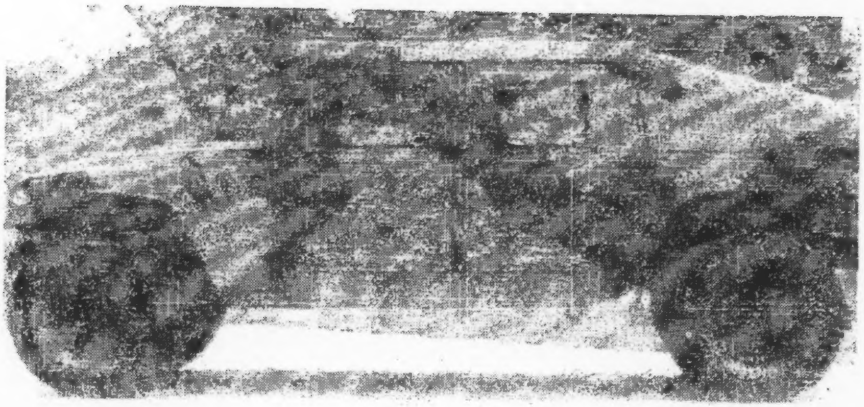
BEST AVAILABLE COPY

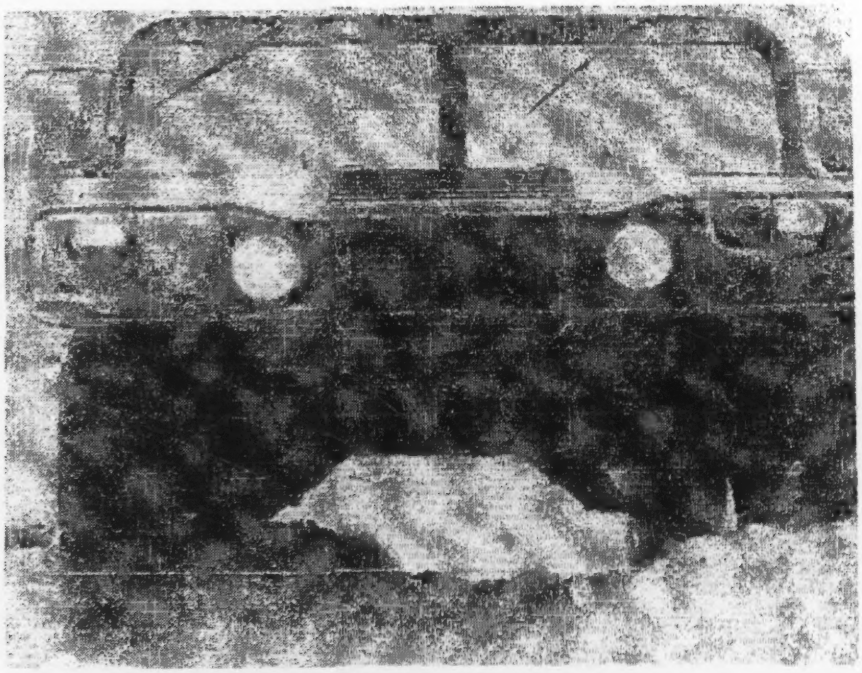
EXHIBIT D

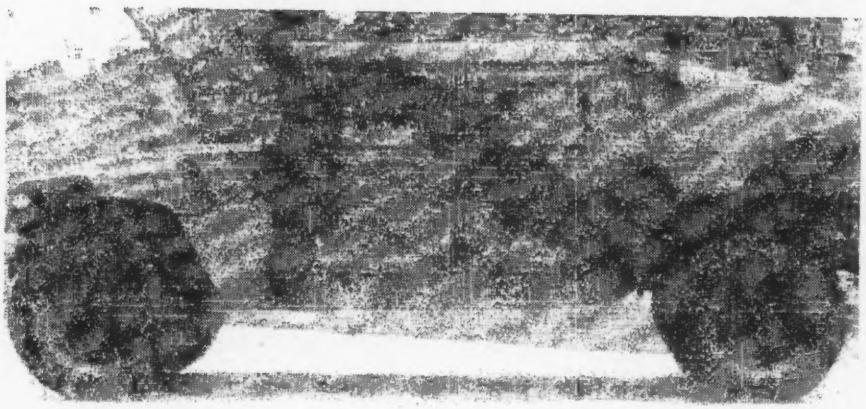


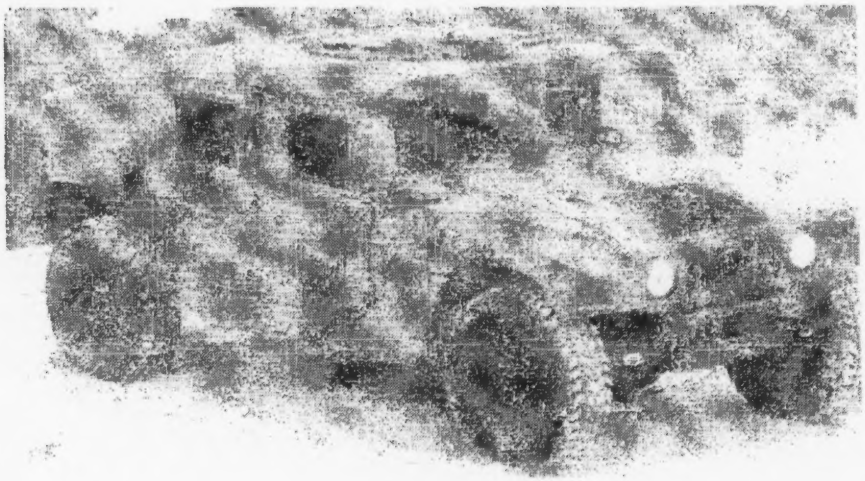


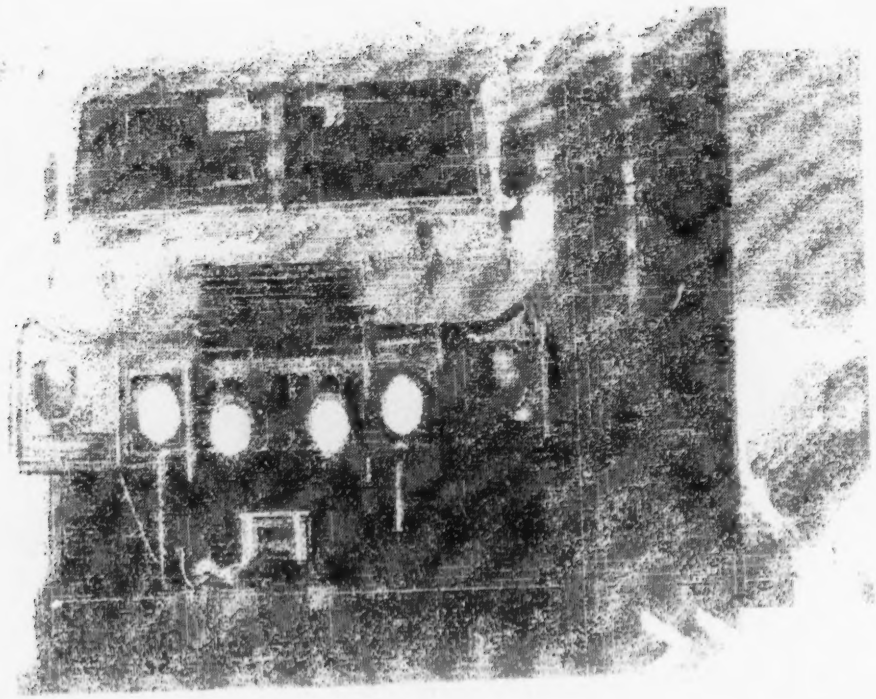


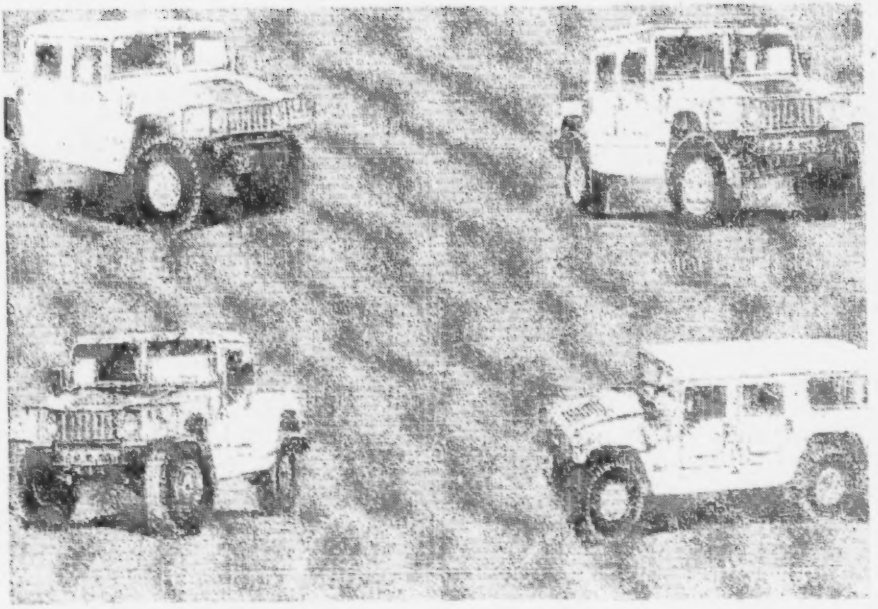












VALET

APPENDIX C

United States Court of Appeals
FOR THE SIXTH CIRCUIT

No. 05-2085

GENERAL MOTORS CORP. and AM GENERAL, LLC,
Plaintiffs-Appellees,
v.
LANARD TOYS, INC. and LANARD TOYS LTD.,
Defendants-Appellants.

FILED: Jan. 31, 2007

Before: MARTIN and RYAN, Circuit Judges; MARBLEY, District Judge.*

ORDER

The court having received a petition for rehearing en banc, and the petition having been circulated not only to the original panel members but also to all other active judges of this court, and no judge of this court having requested a vote on the suggestion for rehearing en banc, the petition for rehearing has been referred to the original panel.

---

* The Honorable Algenon L. Marbley, United States District Judge for the Southern District of Ohio, sitting by designation.

The panel has further reviewed the petition for rehearing and concludes that the issues raised in the petition were fully considered upon the original submission and decision of the case. Accordingly, the petition is denied.

ENTERED BY ORDER OF THE COURT

Leonard Green, Clerk

APPENDIX D

United States District Court
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Nos. 01-71103, 03-72731

GENERAL MOTORS CORP. and AM GENERAL, LLC,

Plaintiffs,

v.

LANARD TOYS, INC. and LANARD TOYS LTD.,

Defendants.

Arthur J. Tarnow, District Judge.

Deposition of ROBERT J. GULA

The Deposition of ROBERT J. GULA,
Taken at 1000 Town Center, 22nd Floor
Southfield, Michigan,
Commencing at 10:08 a.m.,
Friday, April 23, 2004
Before Kathryn L. Janes, CSR-3442, RMR, CRR

APPEARANCES

MARC LORELLI
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(574) 234-4149
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KEVIN D. O'REAR
AM General
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South Bend, Indian 46617
(574) 284-2915
Appearing on behalf of the Plaintiff, AM General, LLC.

GREGORY D. HANLEY
Wasinger, Kickham & Hanley, P.C.
26862 Woodward Avenue, Suite 100
Royal Oak, Michigan 48067
(248) 414-9900
Appearing on behalf of the Defendants.

Southfield, Michigan
Friday, April 23, 2004
10:08 a.m.

ROBERT J. GULA,

Was thereupon called as a witness herein, and after having first been duly sworn to testify to the truth, the whole truth and nothing but the truth, was examined and testified as follows:

EXAMINATION

BY MR. HANLEY:

Q. Good morning, Mr. Gula.

A. Hi.

Q. We just met, my name is Greg Hanley and I'm one of the attorneys that are representing Lanard Toys, Inc. and Lanard Toys Limited in this case that involves your company, AM General. Your deposition is being taken pursuant to a special rule of federal procedure that allows us to take the deposition of an entity or a corporation and the corporation responds by designating people such as yourself to testify to certain matters that we've asked for testimony on; do you understand that?

A. Sure.

Q. All right. Do you understand that you've been

System was added. That was not - that was not provided on the military vehicle. Pioneer tool kit was deleted.

BY MR. HANLEY:

Q. That's all you can recall at this time?

A. That's abut all I can recall at the outset of the program in '92.

Q. Did the shape of the vehicle ever change during the time that AMG was manufacturing?

A. You're referring to the shape - I need to have differentiated between the roof and what we call below the belt-line area of the vehicle?

Q. Okay. Explain for somebody like me who is not a technical person the distinction you're making?

(Whereupon Mr. O'Rear entered the deposition room at 10:30 a.m.)

A. The shape of the roof was different on the commercial vehicle than on the military vehicle. The shape of the body, which is generally defined as everything below the bottom of the windows, has never changed.

BY MR. HANLEY:

Q. Okay. How did the roof portion change?

A. Well, as I said, it was changed from a - the military vehicle had either canvas roof or it had a ballistically-protected armored roof with a turret.

Neither of those were suitable for the commercial marketplace so we designed a steel roof that had a different appearance obviously than a canvas roof.

Q. And that was a design that was done from the very beginning?

A. Correct.

Q. Okay. All right. Were you involved in the design decisions relating to the shape of the original military vehicle?

A. No.

Q. I mean, do you know why that particular shape was decided upon?

MR. PERALA: Which particular shape are we taking about?

MR. HANLEY: The shape of the original military vehicle back in 1985.

MR. PERALTA: Are you including everything, that is the roof, the body, everything?

MR. HANLEY: Yes.

A. The shape was - I was not involved in - I was not responsible for the design process, but I observed the design process from the capacity I described. The shape was basically a byproduct of a vehicle that was designed to meet a performance specification.

BY MR. HANLEY:

Q. And what was the performance specification?
A. Well, the Army calls it a systems specification, and it described everything from a requirement that the vehicle be diesel powered, have an automatic transmission, the types of differentials, that it be full-time four-wheel drive, to the level of cooling performance, the level of acceleration and speed performance, and the dimensional limitations, maximum width, maximum height, maximum overall length. It dictated approach and departure angle and I think breakover angle, but I'm not sure of that.

Weight, it defined a maximum curb weight,' it defined the ride quality, hill-climbing capability, side-slope capability, fording, water-fording capability and storage capability. There was a list of equipment that the vehicle had to be able to stow. It defined durability and reliability, maintainability requirements. It defined the weapons that the vehicle had to be capable of mounting and their - on the weapons that were fired from the vehicle, I think it defined the firing ranges, up, down, side to side, noise, defined pass-by noise, interior noise.

Q. Anything else?
A. Probably a lot of other things that I just can't remember.

Q. But would it be fair to say that the shape and configuration that ultimately was decided upon was driven by the need to satisfy those requirements?
A. As I said, the shape wasn't - the shape was a result of what it took to meet those requirements. There was no requirement for shape or appearance or anything.
Q. All right. The government didn't dictate the shape?
A. No.
Q. AM General ultimately arrived at a vehicle with that particular shape because of the requirements that you just listed in detail; would that be correct?
A. Well, we arrived at a vehicle that met the requirements that happened to be shaped the way it's shaped.
Q. Okay. Okay. Now, when you designed the roof for the commercial vehicle, you said that that was different obviously than what was on the military vehicle, what were the factors that drove those design decisions?
A. Cost, we decided to make it a steel roof instead of aluminum, like the body of the vehicle, time, because the tooling lead time for a steel roof was shorter than that of an aluminum roof. It had to match up to the existing windshield, attach to the windshield in the same manner that the armored roof attached.
Q. Anything else?

APPENDIX E

United States District Court
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Nos. 01-71103, 03-72731

GENERAL MOTORS CORP. and AM GENERAL, LLC,

Plaintiffs,

v.

LANARD TOYS, INC. and LANARD TOYS LTD.,

Defendants.

Arthur J. Tarnow, District Judge.

DECLARATION OF ROBERT J. GULA

I, ROBERT J. GULA, declare as follows:

1. I am an adult, more than 18 years old, and competent to testify. The facts stated in this Declaration are based on my personal knowledge and the business records of AM General LLC, which are maintained under my supervision.

2. I am currently the Senior Vice President of Engineering and Product Development for AM General. I have held this job since November 1997.

3. I began working for AM General in 1971. In 1981, I was the "Deputy Project Manager – HMMWV System" for AM General. My duties included: preparing and maintaining

schedules for AM General's HMMWV Program, coordinating the activities of the functional organizations to ensure on-schedule performance and delivery of contractually compliant deliverable items; and managing and preparing the Phase I Technical Proposal submitted to the Government, which described AM General's offering for the HMMWV System. In 1988, I became the Director of Engineering at AM General. I was made Vice President of Engineering in 1992 and Senior Vice President of Engineering in 1997.

4. In 1979, the Government solicited proposals from industry because it wanted to replace the U.S. military's light vehicle fleet which included: the M561, a six wheel drive vehicle made by Consolidated Diesel Electric; the M880, a military derivative of a Dodge pickup truck; and the M151, a quarter-ton payload truck based on a Ford design. In February of 1981, the AM General received the Government's formal Request for Proposal which asked AM General to submit a written proposal for a High Mobility Multipurpose Wheeled Vehicle, HMMWV.

5. On April 27, 1981, AM General submitted to the Government, AM General's "Technical Proposal: Solicitation DAAE07-81-R-4002 (Step One) HIGH MOBILITY MULTIPURPOSE WHEELED VEHICLE (HMMWV)" ("Technical Proposal"). I was primarily responsible for preparing and submitting the technical volume of this proposal. The Technical Proposal included drawings of the HMMWV, which were conceived and prepared by AM General employees before April 27, 1981.

6. In July 1981, AM General was one of three companies that received a "Phase I Contract" from the Government. The Phase I Contract was a fixed-price, best efforts contract that paid AM General (and two other competing companies) to develop and submit prototype vehicles that met the Government's technical specification. The Government's technical specification did not address the exterior appearance or styling of the vehicle.

7. The other two companies that received a Phase I Contract were Chrysler Corporation and Teledyne Continental Motors. While still following the Government's technical specifications, Chrysler and Teledyne developed prototype vehicles having an exterior appearance and styling different than each other and AM General's. The Government's requirements could have been met with any number of different vehicle appearances. The particular appearance and styling of the prototype vehicles was chosen by the various competing companies. AM General's prototype could have had a different appearance and still functioned the same way. That is because the exterior appearance and styling of the vehicle is not essential to the use or purpose of the vehicle. Indeed, not using the same appearance and styling as AM General's prototype did not impede Chrysler or Teledyne from meeting the Government's technical specification or from competing for the Government contract.

8. AM General was awarded the Phase II Production Contract in 1983 which established AM General as the only manufacturer for the HMMWV. AM General has sold this vehicle to the Government continuously since 1985.

9. During my time at AM General, I have also been involved with design of the civilian Hummer vehicle, now called the Hummer H1. Based on the popularity of AM General's military vehicle, a demand for a civilian version arose. Other than the unique military features (such as the camouflage paint, the fabric doors, the weapon mounts, military lighting, etc.), the civilian Hummer H1 and the military vehicle have a similar exterior design appearance. Indeed, the civilian and military vehicles are manufactured on the same assembly line with many of the same parts.

I declare under penalty of perjury that the foregoing is true and correct.

ROBERT J. GULA

Date: 4-23-04

APPENDIX F

15 U.S.C. § 1114. Remedies; infringement; innocent infringement by printers and publishers

(1) Any person who shall, without the consent of the registrant--

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

As used in this paragraph, the term "any person" includes the United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, or other persons acting for the United States and with the authorization and consent of the United States, and any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. The United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, other persons acting for the United States and with the authorization and consent of the United States, and

any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

(2) Notwithstanding any other provision of this chapter, the remedies given to the owner of a right infringed under this chapter or to a person bringing an action under section 1125(a) or (d) of this title shall be limited as follows:

(A) Where an infringer or violator is engaged solely in the business of printing the mark or violating matter for others and establishes that he or she was an innocent infringer or innocent violator, the owner of the right infringed or person bringing the action under section 1125(a) of this title shall be entitled as against such infringer or violator only to an injunction against future printing.

(B) Where the infringement or violation complained of is contained in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical or in an electronic communication as defined in section 2510(12) of Title 18, the remedies of the owner of the right infringed or person bringing the action under section 1125(a) of this title as against the publisher or distributor of such newspaper, magazine, or other similar periodical or electronic communication shall be limited to an injunction against the presentation of such advertising matter in future issues of such newspapers, magazines, or other similar periodicals or in future transmissions of such electronic communications. The limitations of this subparagraph shall apply only to innocent infringers and innocent violators.

(C) Injunctive relief shall not be available to the owner of the right infringed or person bringing the action under section 1125(a) of this title with respect to an issue of a newspaper, magazine, or other similar periodical or an electronic communication containing infringing matter or violating matter where restraining the dissemination of such infringing matter or violating matter in any particular issue of such periodical or in an electronic communication would delay the

delivery of such issue or transmission of such electronic communication after the regular time for such delivery or transmission, and such delay would be due to the method by which publication and distribution of such periodical or transmission of such electronic communication is customarily conducted in accordance with sound business practice, and not due to any method or device adopted to evade this section or to prevent or delay the issuance of an injunction or restraining order with respect to such infringing matter or violating matter.

(D)(i)(I) A domain name registrar, a domain name registry, or other domain name registration authority that takes any action described under clause (ii) affecting a domain name shall not be liable for monetary relief or, except as provided in subclause (II), for injunctive relief, to any person for such action, regardless of whether the domain name is finally determined to infringe or dilute the mark.

(II) A domain name registrar, domain name registry, or other domain name registration authority described in subclause (I) may be subject to injunctive relief only if such registrar, registry, or other registration authority has--

(aa) not expeditiously deposited with a court, in which an action has been filed regarding the disposition of the domain name, documents sufficient for the court to establish the court's control and authority regarding the disposition of the registration and use of the domain name;

(bb) transferred, suspended, or otherwise modified the domain name during the pendency of the action, except upon order of the court; or

(cc) willfully failed to comply with any such court order.

(ii) An action referred to under clause (i)(I) is any action of refusing to register, removing from registration, transferring, temporarily disabling, or permanently canceling a domain name--

(I) in compliance with a court order under section 1125(d) of this title; or

(II) in the implementation of a reasonable policy by such registrar, registry, or authority prohibiting the registration of a domain name that is identical to, confusingly similar to, or dilutive of another's mark.

(iii) A domain name registrar, a domain name registry, or other domain name registration authority shall not be liable for damages under this section for the registration or maintenance of a domain name for another absent a showing of bad faith intent to profit from such registration or maintenance of the domain name.

(iv) If a registrar, registry, or other registration authority takes an action described under clause (ii) based on a knowing and material misrepresentation by any other person that a domain name is identical to, confusingly similar to, or dilutive of a mark, the person making the knowing and material misrepresentation shall be liable for any damages, including costs and attorney's fees, incurred by the domain name registrant as a result of such action. The court may also grant injunctive relief to the domain name registrant, including the reactivation of the domain name or the transfer of the domain name to the domain name registrant.

(v) A domain name registrant whose domain name has been suspended, disabled, or transferred under a policy described under clause (ii)(II) may, upon notice to the mark owner, file a civil action to establish that the registration or use of the domain name by such registrant is not unlawful under this chapter. The court may grant injunctive relief to the domain name registrant, including the reactivation of the domain name or transfer of the domain name to the domain name registrant.

(E) As used in this paragraph--

(i) the term "violator" means a person who violates section 1125(a) of this title; and

(ii) the term "violating matter" means matter that is the subject of a violation under section 1125(a) of this title.

(3)(A) Any person who engages in the conduct described in paragraph (11) of section 110 of Title 17, and who complies with the requirements set forth in that paragraph is not liable on account of such conduct for a violation of any right under this chapter. This subparagraph does not preclude liability, nor shall it be construed to restrict the defenses or limitations on rights granted under this chapter, of a person for conduct not described in paragraph (11) of section 110 of Title 17, even if that person also engages in conduct described in paragraph (11) of section 110 of such title.

(B) A manufacturer, licensee, or licensor of technology that enables the making of limited portions of audio or video content of a motion picture imperceptible as described in subparagraph (A) is not liable on account of such manufacture or license for a violation of any right under this chapter, if such manufacturer, licensee, or licensor ensures that the technology provides a clear and conspicuous notice at the beginning of each performance that the performance of the motion picture is altered from the performance intended by the director or copyright holder of the motion picture. The limitations on liability in subparagraph (A) and this subparagraph shall not apply to a manufacturer, licensee, or licensor of technology that fails to comply with this paragraph.

(C) The requirement under subparagraph (B) to provide notice shall apply only with respect to technology manufactured after the end of the 180-day period beginning on April 27, 2005.

(D) Any failure by a manufacturer, licensee, or licensor of technology to qualify for the exemption under subparagraphs (A) and (B) shall not be construed to create an inference that any such party that engages in conduct described in paragraph (11) of section 110 of Title 17 is liable for trademark infringement by reason of such conduct.

15 U.S.C. § 1115. Registration on principal register as evidence of exclusive right to use mark; defenses

(a) Evidentiary value; defenses

Any registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this chapter and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude another person from proving any legal or equitable defense or defect, including those set forth in subsection (b) of this section, which might have been asserted if such mark had not been registered.

(b) Incontestability; defenses

To the extent that the right to use the registered mark has become incontestable under section 1065 of this title, the registration shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. Such conclusive evidence shall relate to the exclusive right to use the mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 1065 of this title, or in the renewal application filed under the provisions of section 1059 of this title if the goods or services specified in the renewal are fewer in number, subject to any conditions or limitations in the registration or in such affidavit or renewal application. Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 1114 of this title, and shall be subject to the following defenses or defects:

(1) That the registration or the incontestable right to use the mark was obtained fraudulently; or

(2) That the mark has been abandoned by the registrant; or

(3) That the registered mark is being used by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin; or

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to (A) the date of constructive use of the mark established pursuant to section 1057(c) of this title, (B) the registration of the mark under this chapter if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988, or (C) publication of the registered mark under subsection (c) of section 1062 of this title: *Provided, however,* That this defense or defect shall apply only for the area in which such continuous prior use is proved; or

(6) That the mark whose use is charged as an infringement was registered and used prior to the registration under this chapter or publication under subsection (c) of section 1062 of this title of the registered mark of the registrant, and not abandoned: *Provided, however,* That this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark; or

(7) That the mark has been or is being used to violate the antitrust laws of the United States; or

(8) That the mark is functional; or

(9) That equitable principles, including laches, estoppel, and acquiescence, are applicable.

15 U.S.C. § 1125. False designations of origin, false descriptions, and dilution forbidden

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which--

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

(2) As used in this subsection, the term "any person" includes any State, instrumentality of a State or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

(3) In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.

(b) Importation

Any goods marked or labeled in contravention of the provisions of this section shall not be imported into the United States or

admitted to entry at any customhouse of the United States. The owner, importer, or consignee of goods refused entry at any customhouse under this section may have any recourse by protest or appeal that is given under the customs revenue laws or may have the remedy given by this chapter in cases involving goods refused entry or seized.

(c) Dilution by blurring; dilution by tarnishment

(1) Injunctive relief

Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

(2) Definitions

(A) For purposes of paragraph (1), a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.

(ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.

(iii) The extent of actual recognition of the mark.

(iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

(B) For purposes of paragraph (1), "dilution by blurring" is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark. In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:

(i) The degree of similarity between the mark or trade name and the famous mark.

(ii) The degree of inherent or acquired distinctiveness of the famous mark.

(iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.

(iv) The degree of recognition of the famous mark.

(v) Whether the user of the mark or trade name intended to create an association with the famous mark.

(vi) Any actual association between the mark or trade name and the famous mark.

(C) For purposes of paragraph (1), "dilution by tarnishment" is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.

(3) Exclusions

The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with--

(i) advertising or promotion that permits consumers to compare goods or services; or

(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

B) All forms of news reporting and news commentary.

(C) Any noncommercial use of a mark.

(4) Burden of proof

In a civil action for trade dress dilution under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that--

(A) the claimed trade dress, taken as a whole, is not functional and is famous; and

(B) if the claimed trade dress includes any mark or marks registered on the principal register, the unregistered matter, taken as a whole, is famous separate and apart from any fame of such registered marks.

(5) Additional remedies

In an action brought under this subsection, the owner of the famous mark shall be entitled to injunctive relief as set forth in section 1116 of this title. The owner of the famous mark shall also be entitled to the remedies set forth in sections 1117(a) and 1118 of this title, subject to the discretion of the court and the principles of equity if--

(A) the mark or trade name that is likely to cause dilution by blurring or dilution by tarnishment was first used in commerce by the person against whom the injunction is sought after October 6, 2006; and

(B) in a claim arising under this subsection--

(i) by reason of dilution by blurring, the person against whom the injunction is sought willfully intended to trade on the recognition of the famous mark; or

(ii) by reason of dilution by tarnishment, the person against whom the injunction is sought willfully intended to harm the reputation of the famous mark.

(6) Ownership of valid registration a complete bar to action

The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register under this chapter shall be a complete bar to an action against that person, with respect to that mark, that--

(A)(i) is brought by another person under the common law or a statute of a State; and

(ii) seeks to prevent dilution by blurring or dilution by tarnishment; or

(B) asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark, label, or form of advertisement.

(7) Savings clause

Nothing in this subsection shall be construed to impair, modify, or supersede the applicability of the patent laws of the United States.

(d) Cyberpiracy prevention

(1)(A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person

(i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and

(ii) registers, traffics in, or uses a domain name that--

(I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;

(II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark; or

(III) is a trademark, word, or name protected by reason of section 706 of Title 18 or section 220506 of Title 36.

(B)(i) In determining whether a person has a bad faith intent described under subparagraph (a), a court may consider factors such as, but not limited to

(I) the trademark or other intellectual property rights of the person, if any, in the domain name;

(II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;

(III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

(IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;

(V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;

(VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct;

(VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain

accurate contact information, or the person's prior conduct indicating a pattern of such conduct;

(VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and

(IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c) of this section.

(ii) Bad faith intent described under subparagraph (A) shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.

(C) In any civil action involving the registration, trafficking, or use of a domain name under this paragraph, a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.

(D) A person shall be liable for using a domain name under subparagraph (A) only if that person is the domain name registrant or that registrant's authorized licensee.

(E) As used in this paragraph, the term "traffics in" refers to transactions that include, but are not limited to, sales, purchases, loans, pledges, licenses, exchanges of currency, and any other transfer for consideration or receipt in exchange for consideration.

(2)(A) The owner of a mark may file an in rem civil action against a domain name in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located if

(i) the domain name violates any right of the owner of a mark registered in the Patent and Trademark Office, or protected under subsection (a) or (c) of this section; and

(ii) the court finds that the owner--

(I) is not able to obtain in personam jurisdiction over a person who would have been a defendant in a civil action under paragraph (1); or

(II) through due diligence was not able to find a person who would have been a defendant in a civil action under paragraph (1) by--

(aa) sending a notice of the alleged violation and intent to proceed under this paragraph to the registrant of the domain name at the postal and e-mail address provided by the registrant to the registrar; and

(bb) publishing notice of the action as the court may direct promptly after filing the action.

(B) The actions under subparagraph (A)(ii) shall constitute service of process.

(C) In an in rem action under this paragraph, a domain name shall be deemed to have its situs in the judicial district in which

(i) the domain name registrar, registry, or other domain name authority that registered or assigned the domain name is located; or

(ii) documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.

(D)(i) The remedies in an in rem action under this paragraph shall be limited to a court order for the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark. upon receipt of written notification of a filed, stamped copy of a complaint filed by the owner of a mark in a United States district court under this paragraph, the domain name registrar, domain name registry, or other domain name authority shall

(I) expeditiously deposit with the court documents sufficient to establish the court's control and authority regarding the disposition of the registration and use of the domain name to the court; and

(II) not transfer, suspend, or otherwise modify the domain name during the pendency of the action, except upon order of the court.

(ii) The domain name registrar or registry or other domain name authority shall not be liable for injunctive or monetary relief under this paragraph except in the case of bad faith or reckless disregard, which includes a willful failure to comply with any such court order.

(3) The civil action established under paragraph (1) and the in rem action established under paragraph (2), and any remedy available under either such action, shall be in addition to any other civil action or remedy otherwise applicable.

(4) The in rem jurisdiction established under paragraph (2) shall be in addition to any other jurisdiction that otherwise exists, whether in rem or in personam.

15 U.S.C. § 1065. Incontestability of right to use mark under certain conditions

Except on a ground for which application to cancel may be filed at any time under paragraphs (3) and (5) of section 1064 of this title, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this chapter of such registered mark, the right of the registrant to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable: *Provided,* That--

(1) there has been no final decision adverse to registrant's claim of ownership of such mark for such goods or services, or to registrant's right to register the same or to keep the same on the register; and

(2) there is no proceeding involving said rights pending in the Patent and Trademark Office or in a court and not finally disposed of; and

(3) an affidavit is filed with the Director within one year after the expiration of any such five-year period setting forth those goods or services stated in the registration on or in connection with which such mark has been in continuous use for such five consecutive years and is still in use in commerce, and other matters specified in paragraphs (1) and (2) of this section; and

(4) no incontestable right shall be acquired in a mark which is the generic name for the goods or services or a portion thereof, for which it is registered.

Subject to the conditions above specified in this section, the incontestable right with reference to a mark registered under this chapter shall apply to a mark registered under the Act of March

3, 1881, or the Act of February 20, 1905, upon the filing of the required affidavit with the Director within one year after the expiration of any period of five consecutive years after the date of publication of a mark under the provisions of subsection (c) of section 1062 of this title.

The Director shall notify any registrant who files the above-prescribed affidavit of the filing thereof.

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(3)

No. 06-1589

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AUG 1 - 2007
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SUPREME COURT, U.S.

IN THE

Supreme Court of the United States

LANARD TOYS, INC. AND LANARD TOYS, LTD.,

Petitioners,

v.

GENERAL MOTORS CORP. AND AM GENERAL, LLC,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

BRIEF IN OPPOSITION FOR RESPONDENT GENERAL MOTORS CORPORATION

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STATEMENT PURSUANT TO 29.6

Respondent, General Motors Corporation, has no parent corporation and no publicly held company owns 10% or more of its stock.

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Valu Engineering, Inc. v. Rexnord Corp.,
278 F.3d 1268 (Fed. Cir. 2002) 2, 4, 5

Respondent General Motors Corporation respectfully requests that this Court deny the petition for writ of certiorari, seeking review of the Sixth Circuit's opinion in this case. That opinion is reported at 468 F.3d 405.

STATEMENT

Petitioners request for review by this Court is premised on an alleged split among the Circuits. As set forth below, there is no split among the Circuits.

In *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 33 (2001), the Court cited *Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159 (1995) and *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844 (1982) for the "traditional rule" for evaluating trade dress functionality: "a feature is also functional when it is essential to the use or purpose of the device or when it affects the cost or quality of the device." *TrafFix*, 532 U.S. at 33 (also referred to as the *Inwood* formulation). The Court also observed that "[w]here the design is functional under the *Inwood* formulation there is no need to proceed further to consider if there is a competitive necessity for the feature." *Id.*

In *TrafFix*, the springs relied on as trade dress were held to be functional under the traditional, *Inwood* formulation. The springs were essential to the use or purpose of the device as they were "the reason the device works," and had even been the subject of patent protection. *TrafFix*, 532 U.S. at 31, 34. In that situation, the Court stated: "there is no need, furthermore, to engage as did the Court of Appeals, in speculation about other design possibilities, such as using three or four springs which might serve the same purpose." *Id.* at 33.

The Fifth Circuit and Federal Circuit Courts of Appeal decisions, said by Petitioners to be in conflict, both apply the traditional rule as formulated in *Inwood* and quoted above from *TrafFix*. *Eppendorf-Netheler-Hinz GmbH v. Ritter GmbH*, 289 F.3d 351, 356-57 (5th Cir. 2002); *Valu Engineering, Inc. v. Rexnord Corp.*, 278 F.3d 1268, 1275-76 (Fed. Cir. 2002).

The Sixth Circuit decision is in accord with *TrafFix* and the Fifth and Federal Circuits, that "[i]f a trade dress is found to be functional, the mere fact that there are other non-infringing designs which would serve the same functional purpose is no defense to functionality." Petitioners' App. A, 12a, citation omitted.

There is no conflict among the Circuits.

REASONS FOR DENYING THE PETITION

1. The Circuits Are Not Split On The Functionality Test Of *TrafFix* Or Its Application

Petitioners say that there is a split between the Fifth and Federal Circuits over the functionality test of *TrafFix*. Petitioners say that the "Sixth Circuit joined the Federal Circuit in misconstruing" *TrafFix*. (Petition p. 1.) Petitioners further say that "the lower courts are sharply divided over the question of whether the availability of design alternatives is relevant to assessing a design feature's functionality." (Petition p. 13.)

The Fifth, Sixth and Federal Circuits all repeat and apply the functionality test of *TrafFix*. The Fifth, Sixth and Federal Circuits are in accord, there is no division as argued by Petitioners.

A. Fifth Circuit: *Eppendorf-Netheler-Hinz GmbH v. Ritter GmbH*

The Fifth Circuit stated: "In light of *TrafFix*, the primary test for determining whether a product feature is functional is whether the feature is essential to the use or purpose of the product or whether it affects the cost or quality of the product." *Eppendorf*, 289 F.3d at 356. The Fifth Circuit also quoted from *TrafFix* that, "there is no need, furthermore, to engage as did the Court of Appeals, in speculation about other design possibilities, such as using three or four springs which might serve the same purpose." *Id.* at 357.

Petitioners argue that the Fifth Circuit properly applied *TrafFix*:

> "under this traditional definition," it reasoned, "if a product feature is 'the reason the device works,' then the feature is functional. *The availability of alternative designs is irrelevant." Ibid.* (emphasis added). Because Eppendorf's expert conceded that "fins of some shape, size, or number are necessary to provide support for the flange and to prevent deformation of the product," the Fifth Circuit held that they are "essential to the operation of the Combitips," and therefore "functional as a matter of law." *Id.* at 358.

Petition, p. 19.

The Fifth Circuit found the alleged trade dress functional under the traditional *Inwood* test.

B. Federal Circuit: *Valu Engineering, Inc. v. Rexnord Corp.*

In *Valu Engineering*, the Federal Circuit also applied the functionality test of *TrafFix*.

> The Court then reaffirmed the "traditional rule" of Inwood that "a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article." The Court further held that once a product feature is found to be functional under this "traditional rule," "there is no need to proceed further to consider if there is competitive necessity for the feature," and consequently "there is no need . . .to engage . . . in speculation about other design possibilities. . . . Other designs need not be attempted."

Valu Engineering, 278 F.3d at 1276.

Valu Engineering[1] is in complete accord with *TrafFix* and the Fifth Circuit.

Petitioners nonetheless argue that *Valu Engineering* engaged in an analysis under the *Inwood* formulation using alternative designs, in violation of *TrafFix*. (Petition, p. 1.) The analysis and holding of *Valu Engineering* had nothing to do with alternative designs. As stated by the Federal Circuit: "the central question here is whether the Board improperly focused on a single application" of the alleged

---

1. *Valu Engineering* notes that neither party disputed the law of functionality from *TrafFix*. 278 F.3d at 1276.

trade dress, as opposed to the use of the trade dress in general, in its functionality analysis. *Valu Engineering*, 278 F.3d at 1276-77. The Federal Circuit held that the Board did not err and affirmed the finding of functionality. *Id.* at 1279.

To find a conflict with the Fifth Circuit, Petitioners rely on Federal Circuit *dicta* regarding whether alternative designs can be considered in the evaluation of the traditional *Inwood* formulation. The Federal Circuit did not evaluate evidence of alternative designs in rendering its decision. A discussion in *dicta* by a single Circuit does not create a split between Circuits. The Federal Circuit's analysis followed the Supreme Court:

> [O]nce a product feature is found functional based on other considerations there is no need to consider the availability of alternative designs, because the feature cannot be given trade dress protection merely because there are alternative designs available.

Valu Engineering, 278 F.3d at 1276.

C. Sixth Circuit

As the Petitioners requested in the present case, the Sixth Circuit followed *Antioch Co. v. Western Trimming Corp.*, 347 F.3d 150, 155 (6th Cir. 2003), an earlier Sixth Circuit case applying *TrafFix*. The Sixth Circuit's statement of the *TrafFix* test, and its analysis, were in full accord with *TrafFix* and the Fifth and Federal Circuits:

> If a trade dress is found to be functional, the mere fact that there are other non-infringing designs which would serve the same functional purpose

> is no defense to functionality. *Antioch Co. v. Western Trimming Corp.*, 347 F.3d 150, 155 (6th Cir. 2003).
>
> * * *
>
> Gula's first statement [regarding alternative designs] is insufficient evidence for non-functionality as the mere existence of other potential designs is no defense to a design's functionality. *Antioch*, 347 U.S. at 155.

(Petitioners' App. A, 12a-13a.)

Petitioners object to *the result* reached by the Sixth Circuit, not the law applied. In other cases discussed, the alleged trade dress was determined to be "the reason the device works." Here, the Sixth Circuit held to the contrary: "We fail to see what function these [trade dress] elements perform." (Petitioners' App. A, 13a.)[2] The Sixth Circuit did not base its decision on the "availability of alternatives" as asserted by Petitioners. (Petition, p. 12.) Instead, the Sixth Circuit expressly held such evidence: "is insufficient evidence for non-functionality as the mere existence of other potential designs is no defense to a design's functionality." (Petitioners' App. A, 13a.)

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2. This was a conventional summary judgment case. General Motors presented evidence of non-functionality, and Petitioners provided no relevant evidence. As held by the Sixth Circuit, the evidence relied on by Petitioners: "does not contribute to what makes up the Hummer/Humvee trade dress." (Petitioners' App. A., 14a.) In fact, Petitioners never even identified an alleged "function these elements perform." Petitioners' App. A, 13a. In context, the panel's reference to the asserted trade dress on this record as "inherently non-functional" is reasonable, not "novel and nonsensical" as Petitioners now characterize it.

CONCLUSION

For the reasons set forth above, certiorari should be denied. There is no conflict among the Circuits, or between the Sixth Circuit and *TrafFix*.

Respectfully submitted,

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Petitioners,

v.

GENERAL MOTORS CORP. and AM GENERAL, LLC,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

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REPLY BRIEF FOR PETITIONERS

Respondent General Motors Corporation ("GM") grounds its argument in opposition to certiorari on the premise that there is no post-*TrafFix* circuit split with respect to the relevance of alternative designs when assessing the functionality of a product design feature. See *TrafFix Devices, Inc.* v. *Mktg. Displays, Inc.*, 532 U.S. 23 (2001). Its assertion is uniformly contradicted by the courts, the academic community, and the leading treatise.

Nowhere is the impact of considering alternative designs clearer than in the present case. To carry their statutory burden of proving that the Humvee's unregistered trade dress elements were nonfunctional, GM and AM General submitted but one piece of evidence: the declaration of Robert J. Gula, an AM General executive. See Pet. 10-11; Pet. App. 55a-57a. That declaration said only that the design elements were nonfunctional because the Humvee "could have had a different appearance and still functioned in the same way." Pet. App. 57a. In other words, apart from Gula's statement about alternative design possibilities, GM and AM General put forth *no evidence whatever* of nonfunctionality of the unregistered trade dress; if that evidence of alternative design possibilities were irrelevant, they could not possibly have prevailed on summary judgment. And the Sixth Circuit cited no record evidence other than Gula's declaration in affirming summary judgment on nonfunctionality. Pet. App. 13a-14a.

Evidence of alternative designs can be case-dispositive in some courts, but disregarded as irrelevant in others, with courts on both sides of the debate believing their decisions to be compelled by this Court's language in *TrafFix*. This case perfectly illustrates the havoc that can result from the lack of clear standards. The Court should grant certiorari to provide much-needed clarification in this critical but fractured area of trademark law.

1. GM's remarkable assertion that "there is no split among the Circuits" (Br. in Opp. 1) with respect to the relevance of

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alternative design possibilities when determining whether a particular design feature is functional is simply not credible. The conflicting opinions could not be phrased more plainly. Compare *Eppendorf-Netheler-Hinz GmBH* v. *Ritter GmBH*, 289 F.3d 351, 357 (5th Cir. 2002) ("[t]he availability of alternative designs is irrelevant"), with *Valu Engineering, Inc.* v. *Rexnord Corp.*, 278 F.3d 1268, 1276 (Fed. Cir. 2002) (the court "do[es] not read the Court's observations in *TrafFix* as rendering the availability of alternative designs irrelevant"; rather, the availability of alternative designs is "a legitimate source of evidence to determine whether a feature is functional").

For further confirmation regarding the division between the Fifth and Federal Circuits, one need look no further than the myriad decisions in other federal courts that not only illustrate the split, but often expressly acknowledge it. See *New Colt Holding Corp.* v. *RJG Holdings of Fla., Inc.*, 312 F. Supp. 2d 195, 213 (D. Conn. 2004) ("Other circuits are divided as to the question of design alternatives."); *Invisible Fence, Inc.* v. *Technologies, Inc.*, No. 1:05-CV-361, 2007 WL 273129, *4 (N.D. Ind. Jan. 26, 2007) ("Following *TrafFix*, there has been much debate surrounding the proper role of alternative designs when analyzing a feature's functionality."); *Straumann Co.* v. *Lifecore Biomedical Inc.*, 278 F. Supp. 2d 130, 135 n.4 (D. Mass. 2003) (noting the "hotly contested question of whether the availability of alternative designs can be evidence of non-functionality"); *Baughman Tile Co.* v. *Plastic Tubing, Inc.*, 211 F. Supp. 2d 720, 725 n.5 (E.D.N.Y. 2002) ("There appears to be tension among the federal courts as to when the availability to competitors of functionally equivalent designs should be considered, and what kind of weight such availability should be afforded."). Indeed, the very case GM cites in its brief in opposition to show that the courts are of one mind, *Antioch Co.* v. *W. Trimming Corp.*, 347 F.3d 150 (6th Cir. 2003), in fact notes the split. The Sixth Circuit in that case observed that "at least one circuit and a leading treatise author have expressed their views that the availability of alternative designs may be helpful in applying the traditional *Inwood* test for functionality,"

but reasoned that the court "need not resolve [that] question" on that particular occasion. *Id.* at 156.

The academic community, too, has highlighted the division of opinion regarding the relevance of alternative designs. See Vincent N. Palladino, *Trade Dress Functionality After* TrafFix: *the Lower Courts Divide Again*, 93 TRADEMARK REP. 1219, 1219-1220 (2003) (there is a "new split of authority" over whether "evidence concerning the availability of alternative designs [is] relevant"); Justin Pats, Comment, *Conditioning Functionality: Untangling the Divergent Strands of Argument Evidenced by Recent Case Law and Commentary*, 10 MARQ. INTELL. PROP. L. REV. 515, 520 (2006) (a "great deal of variance has surfaced" in the courts of appeals since *TrafFix* with respect to the relevance of alternative designs); Margreth Barrett, *Consolidating the Diffuse Paths to Trade Dress Functionality: Encountering* TrafFix *on the Way to* Sears, 61 WASH. & LEE L. REV. 79, 83, 129-135 (2004) (there is "considerable disagreement * * * among * * * scholars and the courts of appeals over precisely how the Supreme Court intended its functionality standard to be interpreted and applied," including whether "to exclude evidence of alternatives from the initial functionality determination"); Siegrun D. Kane, *Trademarks Just Ain't What They Used to Be: 5 Years of the Supreme Court's Efforts to Rein in Trademark Owners*, 842 PLI PAT 261, 272 (2005) ("There is an ongoing debate about whether *TrafFix* changed the longstanding principle that the availability of alternative designs constitutes evidence of nonfunctionality.").

What is more, twenty-two scholars, with no agenda to advance in this case, have filed an *amicus* brief in support of certiorari. See Brief of *Amici* Malla Pollack and Other Scholars In Support of Lanard's Petition for a Writ of Certiorari. Because of the great economic importance of the functionality doctrine, and the suitability of this case (with its simple record) as a vehicle to reduce the rampant confusion in the lower courts, the *amici* scholars urge the Court to take this opportunity to "provide clearer markers."

Rounding out the list of authorities observing the division of opinion regarding the functionality doctrine is the leading trademark treatise, in which Professor McCarthy contrasts the Fifth Circuit view in *Eppendorf* with the Federal Circuit view (tracking his own) in *Valu Engineering*. J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 7:75 (4th ed. 2007) (criticizing Fifth Circuit holding and noting with approval contrary Federal Circuit holding).

GM glibly dismisses these authorities by asserting that the courts of appeals "all repeat and apply the functionality test of *TrafFix*" (Br. in Opp. 3), implying that, if standards exist, doctrinal confusion cannot. Little need be said about that dubious proposition. Were it true, this Court would not have taken up *Qualitex Co.* v. *Jacobson Products Co.*, 514 U.S. 159, 162 (1995) (construing the Lanham Act's provision defining a trademark as "any word, name, symbol or device," which some courts – but not others – held to include color); *KP Permanent Make-Up, Inc.* v. *Lasting Impression, Inc.*, 543 U.S. 111 (2004) (resolving the split in the circuits regarding whether the Lanham Act requires a competitor to negate confusion in order to establish fair use); *Moseley* v. *V Secret Catalogue, Inc.*, 537 U.S. 418 (2003) (resolving the split in the circuits as to the proper interpretation of the Lanham Act's dilution provisions); or many other landmark trademark cases, all of which were premised on splits occasioned by divergent interpretations of a single law or test.

In other areas of the law as well, it is not the least bit unusual for the lower courts to agree on which decision of this Court is the path-marking decision, but to disagree on its scope, necessitating further clarification by this Court. See, *e.g.*, *United States* v. *Atl. Research Corp.*, 127 S. Ct. 2331 (2007) (resolving circuit split over meaning of *Cooper Indus., Inc.* v. *Aviall Services, Inc.*, 543 U.S. 157 (2004)); *United Haulers Ass'n, Inc.* v. *Oneida-Herkimer Solid Waste Mgmt. Auth.*, 127 S. Ct. 1786 (2007) (resolving circuit split over meaning of *C & A Carbone, Inc.* v. *Town of Clarkstown*, 511 U.S. 383 (1994)).

The premise of the petition for a writ of certiorari is not that any lower court is *ignoring* this Court's decision in *TrafFix*, but that the circuits diverge on what this Court's decision *means*. It is no answer at all to say that all the lower courts cite *TrafFix*.

By giving dispositive effect to the Gula declaration, which gives as its only rationale for a nonfunctionality conclusion the availability of alternative designs, the Sixth Circuit has now aligned itself with the Federal Circuit and placed itself in conflict with the Fifth.

2. GM is wrong to suggest that Lanard objects only "to *the result* reached by the Sixth Circuit, not the law applied." Br. in Opp. 6. As we explained in the petition (at 10-11), only through misapprehending the law could the Sixth Circuit have reached the outcome it did. The only record evidence of nonfunctionality of the unregistered trade dress was the declaration of Robert J. Gula, who testified that the Humvee "could have had a different appearance and still functioned in the same way." Pet. App. 57a. In its brief in opposition, GM does not dispute that the declaration stands alone. Thus, notwithstanding the Sixth Circuit's assertion that "Gula's first statement [regarding alternative designs] is insufficient evidence for nonfunctionality" (Pet. App. 13a), the fact that GM offered *no other evidence* of nonfunctionality means that the Sixth Circuit could not have affirmed the grant of summary judgment in GM's favor if it agreed with the Fifth Circuit that "[t]he availability of alternative designs is irrelevant" (*Eppendorf*, 289 F.3d at 357).

Given that GM's favorable decision below is entirely dependent on the Sixth Circuit's acceptance of the relevance of available design alternatives, it is curious that GM dismisses as dicta (Br. in Opp. 5) the Federal Circuit's justification for the relevance of those alternatives. See *Valu Engineering*, 278 F.3d at 1276; cf. MCCARTHY, *supra*, § 7:75 (explaining at some length why the author agrees with the Federal Circuit). The present case illustrates that, dicta or not, the Federal Circuit's reasoning is being followed. The Sixth Circuit is far from the only court to adopt it. See, *e.g.*, *Maharishi Hardy Blechman*

Ltd. v. *Abercrombie & Fitch Co.*, 292 F. Supp. 2d 535, 548 (S.D.N.Y. 2003) (following "the Federal Circuit's interpretation of *TrafFix*," which considers the availability of alternatives to be "a legitimate source of evidence to determine whether a feature is functional"); *Specialized Seating, Inc.* v. *Greenwich Indus., L.P.*, No. 05 C 1197, 2007 WL 417027, *10 (N.D. Ill. Feb. 2, 2007) (citing *Valu Engineering* in explaining that "[a]lternative designs * * * may be relevant with regard to proving functionality as it affects use, cost, or quality").

Importantly, the Patent and Trademark Office's Trademark Trial and Appeal Board is also treating the language in *Valu Engineering* as binding. See *In re N.V. Organon*, 79 U.S.P.Q.2d 1639, 1645 (T.T.A.B. 2006) (citing *Valu Engineering* as affirming the consideration of "the availability to competitors of functionally equivalent designs" when assessing functionality). As we explained in the petition (at 27-28), the influence of the Federal Circuit on the Patent and Trademark Office could prove particularly troubling, because the PTO's decisions must be enforced in courts across the country. If the Federal Circuit's views are not shared by other courts of appeals, there could arise a pernicious disconnect between the standard for establishing that a product design is nonfunctional for registration purposes (in the Federal Circuit, and hence the PTO), and the standard for establishing that it is nonfunctional for enforcement purposes.

3. Last – and further confirming that the record contains no evidence of nonfunctionality beyond the Gula declaration – GM's brief in opposition repeats and compounds the error of the district court by placing the responsibility for the lack of record evidence at Lanard's feet. See Br. in Opp. 6 n.2 ("Petitioners never even identified an alleged function these elements perform" (quoting Pet. App. 13a)). It is far too late in the day for GM to persist with this misstatement of the statutory burden of proof regarding the nonfunctionality of unregistered trade dress. Given the Lanham Act's express requirement that "the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional"

(15 U.S.C. § 1125(a)(3)), there is no excuse for misrepresenting the law to this Court, especially after the Sixth Circuit made clear that the district court had improperly shifted the burden from GM to Lanard. Pet. App. 12a.

In short, by grounding its decision on the existence of alternative designs despite its protestations to the contrary, the Sixth Circuit cast its lot with the Federal Circuit's reasoning that "the Court's observations in *TrafFix* [do not] render[] the availability of alternative designs irrelevant" (*Valu Engineering*, 278 F.3d at 1276), and in opposition to the Fifth Circuit's view that "[t]he availability of alternative designs is irrelevant." *Eppendorf*, 289 F.3d at 357. That decision was case-dispositive. To prevent the economically vital trademark functionality doctrine from continuing down its chaotic spiral, this Court should grant certiorari and clarify that evidence of alternative design possibilities is irrelevant to assessing a product feature's functionality.

CONCLUSION

For the foregoing reasons and those stated in the petition, the petition for a writ of certiorari should be granted.

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Trade Subject Series,
General Summary (2005).....6

United States Judicial Conference,
Civil Cover Sheet.....4, 5

United States Patent and Trademark Office,
Performance and Accountability Report
Fiscal Year 2006.....5 at n.3

Interest of the *Amici Curie*

The *amici* are law professors and other scholars specializing in trademark, patent, constitutional law, business, and related subjects. None of *amici* has any financial interest in the outcome of this litigation.[1] *Amici* provide their institutional affiliations for identification purposes only; they do not purport to represent the opinions or interests of their respective institutions. *Amici*'s sole interest in this case is to encourage the proper unfolding of law in their areas of specialty.

Authority to File

All parties have given permission for Pollack to file this *amicus* submission. Copies of the permission letters are attached to the proof of service submitted to the Clerk.

Summary of Argument

Amici support grant of *certiorari* without taking a position on the merits. *Amici* wish to highlight the economic importance of a clear rule regarding the limits of the functionality doctrine; this rule regulates businesses' ability to compete by manufacturing and distributing products similar to those of other market actors. The rule is still not clear despite this Court's efforts in TrafFix Devices Inc. v.

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1. No party has authored this brief in whole or in part. All costs of this *amicus* filing were paid for by Malla Pollack as part of her service obligation as a law professor.

Marketing Displays, Inc., 532 U.S. 23 (2001). In addition to its economic importance, the functionality rule performs a constitutionally required role -- preventing de facto patents from bypassing the limits of U.S. Const. Art. I, sec. 8, cl. 8. Because of the procedural posture of this case (a petition from affirmation of an erroneously granted summary judgment motion), the record is not unmanageably large yet contains sufficient facts to enable this Court to craft a realistic, workable doctrine. Furthermore, a Supreme Court opinion on this case would provide needed supervision of the federal courts' summary judgment practice regarding factually nuanced issues on which the moving party has the burden of proof.

Argument

I. Trade Dress Functionality Requires and Deserves This Court's Attention for Three Reasons

a. Courts Are In Disagreement and Discomfiture

This Court last discussed the functionality limit on trade dress protection in TrafFix Devices Inc. v. Marketing Displays, Inc., 532 U.S. 23 (2001). *TrafFix* exemplified proper judicial restraint; time has shown, however, that *TrafFix* was too sparsely written. As discussed in detail by Petitioners, the Fifth and Federal Circuits have split on *TrafFix*'s teaching regarding the relevance of available alternative designs. *Compare* Eppendorf-Netheler-Hinz GMBH v. Ritter GMBH, 289 F.3d 351, 355 (5th Cir. 2002) ("The availability of alternative designs is irrelevant" after

TrafFix) *with* Valu Engineering v. Rexnord Corp., 278 F.3d 1268, 1276 (Fed. Cir. 2002) (holding that *TrafFix* did not decide that "the availability of alternative designs cannot be a legitimate source of evidence to determine whether a feature is functional.").

The uncertainty of the functionality boundary extends beyond this specific split. The core problem may be the tension between defining utilitarian functionality as "*essential* to the use or purpose of the article," *TrafFix* at 32 (emphasis added), and "the reason the device works," *id.* at 34, especially if "the reason the device works" includes anything which "is not an arbitrary flourish in the [product's] configuration," *id. See, e.g.,* Mark Alan Thurman, The Rise and Fall of Trademark Law's Functionality Doctrine, 56 Fla. L. Rev. 243, 244-46 (2004) ("Trademark law's functionality doctrine is a mess . . ."; "[t]he Court of Appeals for the Federal Circuit concluded that TrafFix did not change the general functionality standard. . . .. Other courts, however, have read TrafFix as radically changing the law. These courts now equate functionality with utility, a standard very different from the competition-based standard in use prior to TrafFix.") (footnote omitted); Justin Pats, Comment, Conditioning Functionality: Untangling the Divergent Strands of Argument Evidenced by Recent Case Law and Commentary, 10 Marq. Intell. Prop. L. Rev. 515, 520 (2006) (reporting that after *TrafFix*, the federal circuits have used at least six different tests for functionality, and "an even wider range of interpretation" exists in cases decided by the Trademark Trials and Appeals Board and the federal district courts).

This Court should grant Lanard's petition and provide

clearer markers.

b. Clarity on Functionality Is of Great Economic Importance

In business matters, rules' clarity may be more important than their content. As this Court explained in another trademark case, "[c]ompetition is deterred, . . ., not merely by successful suit but by the plausible threat of successful suit." Wal-mart Stores v. Samara Brothers, 529 U.S. 205, 214 (2000). Potential trade dress disputes hang over multitudes of manufacturers and vendors.

Federal and state courts have issued hundreds of opinions involving trademark functionality since this Court decided *TrafFix.*[2] Three thousand seven hundred forty (3,740) trademark cases were filed in the federal district courts during the twelve months ending September 30, 2006. James C. Duff, *2006 Judicial Business of the United States Courts* at Table C-2A (2006) (presenting the annual report of the director of the Administrative Office of the U.S. Courts), *available at* <http://www.uscourts.gov/judbus2006/appendices/c2a.pdf>. These figures seem to be derived from the Civil Cover Sheet required by the United States Judicial Conference. *See* JS 44 (Rev. 11/04), *available at*

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2. Five hundred forty-four (544) documents were produced by a WESTLAW search in the ALLFEDS and ALLSTATES databases for "sy, di (function! /p (trademark "trade mark" tradedress "trade dress") & date (after March 20, 1991)" performed by Malla Pollack on July 28, 2007.

<http://www.uscourts.gov/forms/JS044.pdf>. By requesting only one "type of suit," the instructions on the reverse side of this form ensure that the statistics undercount cases filed in federal courts (as well as completely missing cases filed in state courts):

> **IV. Nature of Suit.** Place an "X" in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerks in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.

Id. at 2 (emphasis in original). The report, therefore, includes only a subset of filed law suits.[3] No database seems to exist listing every complaint filed in state or federal court which raises mark-like similarity between competing products under one of the multiple possible causes of action.[4]

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3. The United States Patent and Trademark Office reports the filing of two thousand eighty-six (2086) suits involving some type of trademark claim during the Office's 2006 fiscal year. USPTO, *Performance and Accountability Report Fiscal Year 2006* at Table 25 (2007), *available at* <http://www.uspto.gov/web/offices/com/annual/2006/50325_table25.html>. This number involves only suits requesting injunctions which involve registered marks. *See* 15 U.S.C. § 1116 (c) (requiring clerk of court to send separate notice to Director of USPTO for each such suit).

4. "Functionality is a universal bar to registration and a

The potential for threat is enormously greater. Despite the Information Age, physical goods remain financially important. In 2002, United States' manufacturers shipped $3,916,136,712,000 worth of products, employing 14,699,536,000 workers whose salaries totaled $576,170,541,000. To make these goods, the manufacturers required materials worth $2,025,061,815,000 (which provided employment for other workers in other businesses). U.S. Census Bureau, Dept. of Commerce, *2002 Economic Census: Manufacturing Subject Series, General Summary* at Table One (2005). The United States' economy also depends on goods manufactured elsewhere, but sold wholesale or retail inside the United States. In 2002, wholesale trade of products reached $4,634,755,112,000, U.S. Census Bureau, Dept. of Commerce, *2002 Economic Census: Wholesale Trade Subject Series, General Summary* at Table One (2005); retail trade reached $3,056,421,997,000, U.S. Census Bureau, Dept. of Commerce, *2002 Economic Census: Retail Trade Subject Series, General Summary* at Table One (2005).

Without a clear rule regarding the legal right to copy goods, any manufacturer or vendor of a recognizable product may be frightened off by a competitor. Lowered competition might be good for the threatening firm, but is counter productive for a free market economy. *See, e.g., TrafFix*, 532

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universal defense to all claims of trade identity infringement, whether they arise under a federal trademark registration, under §43(a) of the Lanham Act, or state trademark or unfair competition law." Louis Altman, Callmann on Unfair Competition, Trademarks, and Monopolies § 19:7 (4th ed.).

U.S. at 29 ("In general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying. . . . [C]opying is not always discouraged or disfavored by the laws which preserve our competitive economy.").

c. Functionality's Border Is A Constitutional Issue

Functionality is a rule requiring not only clarity, but accuracy. The Constitution, not just Congress and the Courts, forbids eternal patents. *See* U.S. Const., Art. I, sec. 8, cl. 8 ("limited times"). Legal rights over indicia of origin (including trade dress) exist to protect businesses' self-identification, not their inventiveness. *See* Qualitex Co. v. Jacobson Prods., 514 U.S. 159, 164 (1995) ("trademark law . . . seeks to . . . protect[] a firm's reputation"; "It is the province of patent law, not trademark law, to encourage invention . . .."). The doctrine of functionality is the wall between trade dress and patent. "If a product's functional features could be used as trademarks, . . . a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever (because trademarks may be renewed in perpetuity)." *Id.* at 164-65.

Such eternal quasi-patents, however, (especially without any inventiveness threshold) would be enormously valuable to their holders. Therefore, some caution that "[t]he explosion in product configuration cases" has "a lot more to do with acquiring or extending de facto patent and copyright protection through a back door than with protecting consumers from confusion." Mark Lemley, the Modern Lanham Act and the Death of Common Sense, 108 Yale L.J.

1687, 1705 (1999). Others applaud product configuration trade dress rights as essential business assets. They argue that goodwill is a key business value protected by trademark; trade dress is merely another name for the goodwill inherent in a particular product. *See* Louis Altman, Callmann on Unfair Competition, Trademarks and Monopolies § 1:11 (4th ed.) (recognizing good will in products as a valuable business asset).

As guardian of the Constitution, this Court should be vigilant to properly map the functionality border between trade dress and patent. *See* Marbury v. Madison, 5 U.S. (1 Cranch) 137, 177-78 (1803) ("It is emphatically the province and duty of the judicial department to say what the law is" and ensure statutes be read "conformably to the constitution. . . This is of the very essence of judicial duty.").

II. This Case Is a Good Vehicle for Review

This case was decided on summary judgement. The record, therefore, will not overburden this Court. However, as discussed below, this case should not have been decided on summary judgement. The facts (which are outlined in Section III) are sufficiently developed for this Court to hone doctrine with reality.

III. This Court's Supervisory Authority Supports Grant of Certiorari

This Court does not sit merely to correct errors by other courts. It does, however, have supervisory authority over the federal courts. Dickerson v. U.S., 530 U.S. 428, 437 (2000) ("This Court has supervisory authority over the federal courts . . .."). While not expressly separated in the petition, deciding the substantive question presented would

simultaneously clarify an important procedural point within this Court's supervisory authority: when a court may properly grant summary judgment of non-functionality for the party alleging infringement who has the burden of proof that its claimed trade dress is not functional. *See* 15 U.S.C. § 1125(a)(3) ("In a civil action for trade dress infringement under this Act for trade dress not registered on the principle register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.").[5]

On summary judgment "courts are required to view the facts and draw reasonable inferences in the light most favorable to the party opposing the summary judgment motion." Scott v. Harris, 127 S. Ct. 1769, 1774 (2007) (internal quotation marks and editing omitted). The record in this case demonstrates that neither the District Court, nor the Sixth Circuit panel, followed this guidance when granting (and affirming) summary judgment of non-functionality as to the claimed trade dress.

The record contains the following:

1. pictures of the actual and toy cars at issue, J. App. at 1115-16, 1203-04, *Lanard*, 468 F.3d; *see also* Cert. Pet. at 34a-44a;

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5. This case involves an unregistered trade dress. Plaintiffs, therefore, were statutorily required to carry the burden of proof. As to registered trade dress, registration on the principle register is merely "prima facie evidence of the validity of the registered mark . . . on or in connection with the goods . . . specified in the registration . . .." 15 U.S.C. § 1115(1). Even incontestably registered trade dress is legally vulnerable to a functionality defense. *See* 15 U.S.C. § 1115(b)(7).

2. undisputed evidence that the United States' military provided specifications on the physical characteristics of the military Humvee, AM General v. DaimlerChrysler, 311 F.3d 796, 808-09 (7th. Cir. 2002); J. App. at 1117-45, *Lanard*, 468 F.3d;
3. undisputed factual finding that the product configuration of the H2 was derived from that of the civilian Hummer (or H1) which was derived from that of the military Humvee, *Lanard*, 468 F.3d at 410-11; *see also AM General*, 311 F.3d at 808-11;
4. undisputed factual finding that the product configurations of the cars listed in item three (3) above were intended to be sufficiently similar to the military vehicle to clearly invoke the macho image of the military Humvee shown in reports about the first Iraqi War, *Lanard*, 468 F.3d at 410, 411, 417; [6] *see*

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6. The courts' mistaken conflation of different products, their sources, and any related trade dress is also reflected in the evidence relied upon to grant summary judgment that the claimed trade dress has secondary meaning. The Marylander Survey relied upon for secondary meaning steered participants away from the conclusion that the toys reflected a military vehicle used by United States forces -- even though Plaintiffs' civilian marketing campaigns were aimed at reaping the benefit of this military association. In the survey, the first question asked each participant after seeing one of Lanard's toy vehicles was: "Do you associate this toy vehicle with any make or makes of a full-size, real vehicle?" Declaration of Howard Marylander 8 (October 18, 2002), J. App. at 1213-1263, *Lanard*, 468 F.3d. "Make or makes" implies a for-profit business entity as the origin, such as G.M.; this question improperly led participants

also AM General, 311 F.3d at 808-11;

5. a description of the claimed trade dress as comprising the "exterior appearance and styling" of the "vehicles," which the Sixth Circuit interpreted to involve a shared "Hummer/ Humvee" trade dress consisting of "the exterior appearance and styling of the vehicle design which includes the grille, slanted and raised hood, split windshield, rectangular doors, squared edges, etc." (with "etc." adding nothing), *Lanard*, 468 F.3d at 415-16;
6. advertisements of the full size automobiles, *e.g.* "The H1 was built around one central philosophy: function," J. App. at 1990-94, *Lanard*, 468 F.3d;
7. Deposition of Robert J. Gula (a senior engineer for AM General) 17-18, J. App. at 898-900, *Lanard*, 468 F.3d, Cert. Pet. at 51a-52a (April 23, 2004) (which Lanard claims supports functionality) stating that "the shape [of the military Humvee] was basically a by product of a vehicle that was designed to meet a performance specification" and that "[t]he shape of the body" of the commercial Humvee "never changed" from the shape of the military Humvee;

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away from asserting that the toy reminded them most strongly of United States military vehicles. While Petitioners have chosen not to ask this Court to consider the issue of secondary meaning, this flaw in the evidence regarding secondary meaning is similar to the flaw in the analysis of functionality. Not only did the Sixth Circuit allow homogenization of trade dress in distinct products sold by different businesses, but it overlooked the extreme importance of the military origin of both the Humvee and the Hummer.

8. Declaration of Robert J. Gula (April 23, 2004), J. App. at 1264-67, *Lanard*, 468 F.3d, Cert. Pet. at 55a-57a (which plaintiffs claim disproves functionality) stating that "the Government's technical specification [for the military Humvee] did not address the exterior appearance or styling of the vehicle"; "the Government's requirements could have been met with any number of different vehicle appearances"; "the exterior appearance and styling of the vehicle is not essential to the use or purpose of the vehicle"; "other than the unique military features (such as the camouflage paint...). The civilian Hummer H1 and the military vehicle have a similar exterior design appearance. Indeed, the civilian and military vehicles are manufactured on the same assembly line with many of the same parts."

On this record, the District Court granted summary judgment dismissing "Lanard's defenses of 'functionality' and no 'secondary meaning.'" *Order Regarding Summary Judgment Motions*, General Motors v. Lanard Toys, Inc., No. 2:01-cv071103-AJT (E.D. Mich. Aug. 27, 2004). The Sixth Circuit affirmed, stating that: "the plain appearance of the vehicle shows that the elements which comprise its trade dress are inherently non-functional." *Lanard*, 468 F.3d at 417.

What is missing from the Sixth Circuit's opinion is any explanation of why it concluded that *no* reasonable trier of fact could discern the lingering affect of the military's *functional* specifications on Plaintiffs' claimed trade dress. Plaintiffs agree that their trade dress reflects their cars' military linage. Plaintiffs do not dispute that the military specifications are functional. Plaintiffs provided no evidence tracing the military specifications' impact on the vehicles'

external configuration. But absent such evidence, a reasonable trier of fact would not be forced to conclude that Plaintiffs had met their burden of proving the civilian trade dress was unaffected by the military specifications.

Whatever the correct standard, whatever the correct method of analysis, lack of functionality should not have been decided on summary judgment in light of this record -- unless, of course, the Sixth Circuit is correct that a judge is allowed to look at a complex, functional product (such as an automobile) and decide on looks alone that all aspects of the product's configuration are "inherently not functional" -- an amazing assertion[7] made even more interesting by its echo of inherently distinctive product configurations, a classification this Court has correctly rejected. *See* Wal-mart v. Samara Brothers, 529 U.S. 205, 212-13 (2000).

The most telling omission from the Sixth Circuit's discussion at this point is the absence of analysis of the "split windscreen." A trier of fact might reasonably assume (absent contrary evidence), that a split windscreen is less at risk from impacts; one side might shatter without breaking the other. Why is impact resistance not a "functional" aspect of windscreens, especially those designed for military use (where presumably bullets might impact the windscreen)? *See* Cert. Pet. at 7-9 (explaining functionality of numerous

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7. "It is sometimes difficult to draw a sharp line between functional and non-functional features. For this reason, the Patent & Trademark Office has on occasion required an applicant for registration of a trade dress to specify exactly what features have trademark significance; i.e., to write "patent claims" in a trademark application. Callmann on Unfair Competition, *supra* note 4, at § 19:8 (footnotes omitted).

aspects of trade dress).

This Court, therefore, would benefit the federal courts by clarifying judges' limited power at summary judgment to recognize trade dress non-functionality when they see it.[8]

Conclusion

For the reasons discussed above, this Court should grant a writ of certiorari regardless of the Court's view on the merits of petitioner's claim.

Respectfully Submitted ____, 2007

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8. The trade-offs between strength (from different angles of attack), weather resistance, weight support, speed, carrying capacity, ease of exit, cost, and beauty are not as clear to a legally trained eye as the presence of danger in the videotape of a car chase. *Compare* Scott v. Harris , No. 05-1631 (U.S. April 30, 2007) (relying on Justices' own viewing of videotape for grant of summary judgement on qualified immunity).

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